

USAID/MOROCCO

**COUNTRY
STRATEGIC
PLAN**



April 1999

*TWO ROADS DIVERGED IN A WOOD, AND I –
I TOOK THE ONE LESS TRAVELED BY,
AND THAT HAS MADE ALL THE DIFFERENCE.*

-- *The Road not Taken, Robert Frost*

Mr. Robert Randolph
Assistant Administrator
for Asia and Near East
U.S. Agency for International Development
Washington, D.C. 20523

Dear Bob:

As you have witnessed, these are exciting times in Morocco as it progresses down its development path. The King and his Government are committed to implementing economic, social and democratic reforms. Their bold steps for change also present some risks and Morocco has appealed directly for U.S. Government support. With a modest program, USAID can and should make a difference, in partnership with other U.S. agencies, other donors, the private sector, and the Moroccan people. Successful reforms in Morocco go far beyond its borders, as other Middle East and Islamic countries look on. The spokesperson for the Moroccan Government put it well: "People are watching to see if democracy can cross cultures."

In response, I am pleased to submit herewith the FY1999 - FY2005 Country Strategic Plan (CSP) for USAID/Morocco. It makes a solid case for maintaining a core U.S. assistance program in Morocco, and presents innovative approaches to maximizing our impact. As you will read, we bring more to the "development table" than our funding levels would indicate. I encourage you and other Washington colleagues to seriously consider our creative approaches to addressing crosscutting issues, sustainability and synergies as a potential a model for other USAID missions.

The strategy is built on strong consensus, within the U.S. Mission, with the Government of Morocco, other donors, non-governmental organizations and the private sector. The strategy fully supports the U.S. Mission's strategic goals as outlined in the Mission Performance Plan (MPP). Ambassador Gabriel has endorsed our strategy (see attached cable Rabat 2265, dated April 19, 1999). To ensure close coordination at the implementation level, USAID actively participates in three interagency working groups.

The Government of Morocco endorses our proposal, recognizing the unique contributions USAID can continue to make. The Government foresees that the strategy will help Morocco capitalize on past USAID assistance and move more deliberately to institutionalizing successes in the areas of private enterprise development, water resources management, population/health, and basic education. The proposed strategy reinforces our work in those four areas by rigorously targeting opportunities for synergy. This approach will increase the overall impact of our program, by demonstrating to national and regional government as well as to civil society the opportunities and benefits of local cooperation in managing scarce resources for development.

I look forward to participating in the AID/W review and to receiving earliest possible approval of this strategy document.

Attachment: a/s

Sincerely,
/ Signed /
James Bednar
Director

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USAID/Morocco Country Strategic Plan
April 1999

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ACRONYMS

AFD	<i>Agence Française de Développement</i>	NGO	Non-Governmental Organization
ANHI	National Shelter Upgrading Agency	ODI	<i>Office de Développement de l'Industrie</i>
AIDS	Acquired Immuno-Deficiency Syndrome	ONEP	<i>Office National de l'Eau Potable</i>
AREE	Accelerated Reform for Enterprise Expansion	ORS	Oral Rehydration Salts
CCT	Crosscutting themes	PAGI II	Project Assistance for Large-scale Irrigation
CGEM	National Business Federation	PE	Private Enterprise
CNCA	<i>Caisse Nationale de Crédit Agricole</i>	PHN	Population, Health and Nutrition
CPR	Contraceptive Prevalence Rate	PPPs	Public-Private Partnerships
CYP	Couple Years of Protection	PVO	Private Voluntary Organization
DA	Development Assistance	RBA	River Basin Agency
DC	Democracy Center	RF	Result Framework
DCA	Development Credit Authority	RP	Result Package
DCO	Development Constraints and Opportunities	SBA	Small Business Association
DGA	Democracy/Governance Assessment	SCAFBO	Strengthening Capacity to Foster Business Opportunity
DHS	Demographic and Health Survey	SEGIR	Sustainable Economic Growth & Institution Reform
EOC	Emergency Obstetric Care	SO	Strategic Objective
EG	Economic Growth	SM	Souss-Massa
EA	Economic Association	S-M-D	Souss-Massa-Draa Region
EU	European Union	SpO	Special Objective
FAS	USDA Foreign Agricultural Service	TAACS	Technical Advisor in AIDS & Child Survival
FEC	Municipal Development Bank	TFR	Total Fertility Rate
FIAS	Foreign Investment Advisory Service	TRM	Tadla Resources Management
FP/MCH	Family Planning & Maternal Child Health	UNDP	United Nations Development Program
FSN	Foreign Service National Employee	UNFPA	United Nations Fund for Population Activities
GDP	Gross Domestic Product	UPO	Urban Program Office
G/EGAD	Global Bureau Center for Economic Growth and Agricultural Development	USG	U.S. Government
GOM	Government of Morocco	USIS	U.S. Information Service
GTZ	German Technical Assistance Agency	USDA	U.S. Department of Agriculture
HDI	Human Development Index	VDMS	Systematic home visits
HKI	Helen Keller International	VITA	Volunteers in Technical Assistance
HRD	Human Resources Development	WB	World Bank
IBRD	International Bank for Reconstruction & Development	WRM	Water Resources Management
IEC	Information, Education and Communication		
IMCI	Integrated Management of Childhood Illnesses		
IMR	Infant Mortality Rate		
IMF	International Monetary Fund		
INR	Investor's Roadmap		
IPA	Investment Promotion Agency		
IR	Intrauterine Device		
JICA	Japan International Cooperation Agency		
LMI	Lower-middle income		
MA	<i>Maison de l'Artisan</i>		
MEF	Micro-enterprise Finance		
MFA	Micoenterprise Finance Activity		
MOH	Ministry of Health		
NED	New Enterprise Development		

Executive Summary

U.S. foreign policy objectives in Morocco are three-fold: assuring stability in the region, promoting economic prosperity and supporting the Moroccan government's enthusiasm to increase democracy, including promotion of decentralization. There is a unique opportunity for Morocco, the Maghreb region, Islamic nations and the Western world, as Morocco's "government of alternance" moves to address a myriad of social, political and economic challenges. It must succeed. And it is in the United States' interest to help assure that the Moroccan experiment succeeds. In support of these shared U.S. and Moroccan objectives, USAID will work with Government of Morocco, civil society and private sector partners to achieve significant economic and social reforms.

With the support of the U.S. and other donors, Morocco has implemented numerous market-based reforms aimed at strengthening overall economic performance, stimulating private business, promoting exports, and improving the general well-being of its population. In the initial phase of its structural adjustment (mid-1980s), Morocco achieved substantial macroeconomic progress, but most of the progress was achieved through policies aimed at restraining demand, tax reform and debt relief. Morocco also benefited from a sharp drop in oil prices and favorable weather conditions for positive agricultural production.

The impressive progress of the 1980s, however, masks a number of social and economic challenges. The Prime Minister characterized Morocco's economy as "non-performing," since it does not respond to the needs of the Moroccan people. For example, relatively low economic growth rates have led to high unemployment (officially in 1998 more than 19 percent in urban areas). The slow expansion of the economy creates too few jobs for the growing population and, therefore, does not meet the demand for a rising standard of living. Islands of prosperity exist alongside large areas of poverty, especially in the rural areas where almost half the population lives. Moreover, the unequal distribution of economic benefits is reflected in poor social indicators, when compared to neighboring or similar countries. And the staggering debt service considerably limits the government's capacity to address critical social needs.

The 1998 appointment of a new, opposition-led government, however, signaled an important and fresh start to address social and economic reform and to move the highly centralized government towards democratization. Constitutional and institutional changes in recent years have started to improve governance by bringing institutions and decision-making closer to the local level. The blossoming of civil society and non-governmental organizations has also contributed to greater community participation. The recent initiative for wide-scale regionalization, with the creation of consultative and regional councils as well as parliamentary reforms, are further significant steps on the path of democratization.

It is important that Morocco succeed in its move towards greater democratization, human rights and participatory development. Morocco's success will indeed serve U.S. political and economic interests in the region. Within this context, there is a clear and important role for continued and well-targeted U.S. assistance.

The Country Strategic Plan outlines assistance for the years 1999 – 2005, building upon past experience in four pivotal sectors: private enterprise development/economic growth, water resource management, reproductive and child health care, and basic education.

In recognition of its limited resources and in order to increase the overall impact of the program, the strategy emphasizes ensuring the sustainability of past USAID investments and the synergies among the four sectors. This includes focusing on one of the 16 newly created geographic regions, the Souss–Massa–Draa, and emphasizing gender and public-private partnerships, both of which will further local development capacity. This approach will also help to demonstrate to national and regional governments, civil society and the private sector, the opportunities and benefits of local cooperation in managing scarce resources.

The proposed contribution to Morocco’s continued social and economic development can be summarized in a “vision” for the future – the anticipated results of the strategy. The following statements indicate the challenges to be tackled and the impact that will be achieved through careful, coordinated planning and implementation with our Moroccan partners.

Overall, by 2005, the U.S. will have contributed to Morocco’s putting in place sustainable, responsive systems and institutions that stimulate local participation in the decision-making processes that affect the lives of under-served and under-represented Moroccans. These systems and institutions, representing civil society, the public and the private sector, will result in more efficient management of scarce natural, financial and human resources. Through these achievements, Morocco will have made important progress in becoming a more democratic state.

In the area of private enterprise development/economic growth, Morocco will have increased productive investment by improving the competitiveness of Moroccan enterprises in international markets and through the creation and expansion of small enterprises. The Government will have accelerated the pace of constructive economic policy reforms, removed or reduced constraints to productive investment, strengthened institutions that support private sector expansion, and enhanced opportunities for small and microenterprise development.

In the area of environment, Morocco will have mitigated a key constraint to its prosperity (water) by improving water resources management, specifically by helping to establish a model agency for integrated water management in the Souss-Massa River Basin. Better water management and improved decision-making structures will have demonstrated an increase in the availability of potable water and sewerage, an increase in water-use efficiency and economic returns in the dominant agriculture sector, and a reduction of inequities and social disruptions in the coming transition to more efficient water use in industry and urban development.

In the health sector, Moroccan women, children, and families will have assurance of access to quality reproductive and child health care, independent of significant donor resources. The Government will have institutionalized a sustainable approach to reproductive and child health care, and will have achieved national level progress on key indicators such as contraceptive prevalence. In pilot regions, a model of management for preventive health will have been established. The private sector will have assumed a larger role in the delivery of preventive health services.

In the education area, the Ministry of National Education will have a flexible, replicable model of integrated school, community, and policy level interventions, that will have a positive impact on girls' enrollment, retention, and attainment in primary education. Morocco will have established capacity at the provincial and local levels to assist the national Ministry in devolving decision-making authority to provincial delegations, ensuring that civil society is appropriately involved in the reform of basic education in rural Morocco.

The budget required to accomplish the above objectives is about \$45 million, to be allocated as follows:

	<u>(\$Mils.)</u>
Private Enterprise/Economic Growth:	11.5
Water Resource Management:	13.5
Health:	13.0
Education:	7.0

A preferred budget option of \$56 million will enable the Mission to broaden and deepen the extent and impact of the community participation elements of its program. Working with Moroccan and U.S. non-governmental and private voluntary organizations, as well as local community associations, the additional resources would allow for increased focus on building capacity at the local and regional levels to help ensure that program's technical assistance investments are sustainable.

With its experienced staff and targeted pilot programs, USAID will be instrumental in facilitating additional resources, be they from other U.S. Government agencies, foundations, the Moroccan or U.S. private sector, or other donors. Thus, the program brings a lot more to the "development table." In this manner, our approach may become a model for other small missions to consider as they seek to maximize the impact of declining staffs and budgets.

The strategy is well-focused and responsive to U.S. and Moroccan priorities.

PART I:

Summary Analysis of Assistance Environment and Overall Rationale

A. U.S. Foreign Policy Interests

The U.S. Government's resources in Morocco are increasingly targeted at promoting the U.S. national interests of economic prosperity, democracy and human rights. This is underscored by a dedication to helping Morocco implement market reforms, removing local impediments to trade and investment, and promoting U.S. exports. Additionally, the U.S. supports Morocco's recent strategic decision to increase democratization and to improve respect for human rights.

With the support of the U.S. and other donors, Morocco has implemented a number of market-based reforms aimed at strengthening overall economic performance, stimulating private business, and promoting exports. In 1997, Moroccan voters elected their first opposition, Socialist-led government. The appointment of a coalition government in 1998 has led to steady improvement in the government's human rights record and a significant push to decentralize authority and openness to increased local participation in decision-making. These developments could have profound impacts on U.S. national interests of economic prosperity and promoting democracy. Our support could be instrumental in helping to ensure that Morocco emerges as a more stable, democratic, and prosperous partner in the region.

But the political will is seriously challenged by a number of fairly serious social and economic problems. The contributions that the U.S. can make towards resolution of these problems help to lay the foundation for a renewal of the partnership and the long-term friendship between our two countries at a critical time in Morocco's development. Building on this foundation for renewed partnership and friendship, the U.S. Embassy/Rabat has targeted six strategic goals: (*Morocco Mission Performance Plan 1998*): open markets, U.S. exports, broad-based economic growth, democracy, regional stability, and population growth curbed.

USAID/Morocco directly supports three of the above goal areas and indirectly a fourth: respectively, open markets, broad-based economic growth, population, and democracy. USAID also assists in two key sectors that are heavily impacted by past high rates of population growth and that influence economic growth and sustainability, namely water resources/environment and education. These USAID-supported areas are consistent with Agency goals as stated in the *Agency Strategic Plan, September 1997*: broad-based economic growth, world population stabilized and human health protected, world environment protected for long-term sustainability, and human capacity development, with a particular emphasis on basic education. Additionally, USAID's direct investments in these areas are being accomplished in a manner that promotes another U.S. Government objective -- building sustainable democracies -- by stimulating increased local participation of government and civil society in decision-making processes.

To ensure that our activities directly contribute to the overall U.S. Embassy strategic goals, USAID/Morocco actively participates in three interagency working groups. These groups are the Policy Advisory Committee (PAC), the Democracy Working Group (DWG), and the Prosperity Working Group (PWG). To achieve close coordination with Government of Morocco policy,

particularly as such policy is evolving under a new government, the Embassy proposes to expand participation in the latter two groups to include high-level government representation.

B. Country Setting

1. Development Trends, Constraints and Opportunities

In the initial phase of its structural adjustment (mid eighties to early nineties) Morocco achieved substantial macroeconomic progress, in terms of restoring the fundamental balances. The fiscal account deficit decreased from 12 percent of GDP before the adjustment period to 2.2 percent of GDP in 1992. Similarly, the balance of payment deficit was reduced from 10 percent of GDP to 1.7 percent over the same period. The GOM maintained control of inflation (at around 5 percent, the cost of living index was comparable to developed countries' performance) and reduced the outstanding debt from about 140 percent of the GDP in 1985, to about 70 percent. In addition, the incidence of absolute poverty was reduced from around 21 percent (1984-85) to only 13 percent (1990-91) of the population.¹

However, the country's potential is still unrealized because most of the progress was achieved through policies aimed at restraining demand and tax reform, which were supported by debt relief and which benefited from auspicious weather and a sharp drop in oil prices. These favorable conditions helped the country to achieve an average growth of 5 percent in real terms during the eighties. But in the early nineties, Morocco faced adverse external conditions (repetitive droughts, recession in Europe, where lies the country's dominant markets) which demonstrated the limits of progress achieved without implementing the required policy reforms. As a result, growth hardly reached 2 percent in real terms on average from 1991 to 1997. This poor performance is explained by a series of economic weaknesses:

- low savings and investment rates due to inadequate incentive systems and generally poor enabling environment;
- low contribution of the manufacturing sector to the GDP, limiting the possibility of achieving high growth rates;
- an overvalued currency eroding Morocco's competitiveness;
- an excessive protection of non-competitive industries, leading to insufficient domestic competition;
- a drain of public resources by inefficient public enterprises; and
- an inadequate legal, regulatory and judicial environment for business.

According the Prime Minister himself, Morocco's economy is “non performing,” since it does not respond to the needs of the Moroccan people. The slow growth led to high unemployment (19 percent of the urban labor force in 1998). Because the economy did not create enough jobs to keep up with the rate of new comers in the labor force -- which increases by about 5 percent annually in the urban sector -- the incidence of poverty is likely to have increased, since studies have demonstrated that unemployment is the major determinant of poverty. In addition, despite significant improvement as compared to the pre-adjustment period, Morocco's outstanding debt continues to impose a heavy burden on public resources. The government's draft budget for next fiscal year factors in as much as 33 percent of overall public expenditures for servicing its domestic and international debt, which considerably limits its capacity to address social needs of the population in critical sectors such as

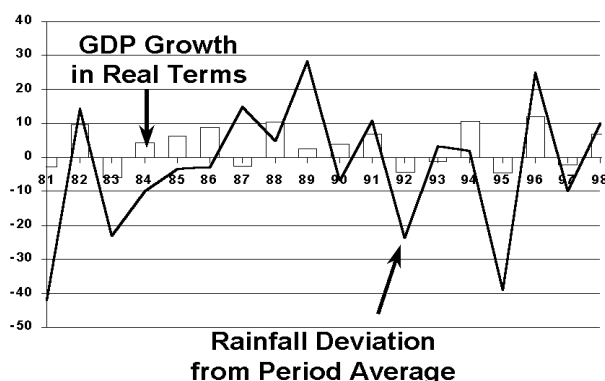
¹Poverty, Adjustment and Growth (2 vol.), The World Bank, January 1994.

health and basic education.

The unrealized potential of the country makes Morocco “less than meets the eye.” Islands of prosperity exist alongside large areas of poverty outside the Rabat-Casablanca corridor and in rural areas. The unequal distribution of past economic growth benefits is also reflected in poor social indicators, when compared to neighboring countries. For example, the maternal mortality ratio, despite significant progress since 1992, was still at 228 deaths per 100,000 live births in 1997, as against 164 in Tunisia and 79 in Syria. Adult illiteracy affects an astounding 48 percent of the population, as compared to 19 percent on average for other lower-middle income (LMI) countries; in rural areas, less than one woman out of ten is literate, and only two girls out of ten are enrolled in primary school. Access to potable water was limited to 56 percent (1994) of the population only, lower than the average LMI country (98 percent), and even lower than a low-income country like India (75 percent). Overall, Morocco ranks 125th according to UNDP's human development index (HDI), much behind other countries in the region, such as Egypt (110th), Algeria (83nd) and Tunisia (81st), and far below its ranking in terms of real per capita income.²

Increasing water scarcity (due to irregular rainfall patterns and increasing demand for water from past rapid population growth and industrialization) impacts many other economic and social realities in Morocco. It affects food security, access to potable water, opportunities for economic growth, and the health of the population and environment. The economy is overly dependent on the weather. The last decade records show an increasingly strong correlation between the amount of rainfall and economic growth (see Figure 1). The impact of drought on the economy exceeds the share of agriculture in the GDP (15 percent to 20 percent, depending on weather conditions). More dangerously, water dependence could only increase, not lessen in the future: projection of competing demands on water from various sectors (agriculture, industry, municipal and potable water) shows that Morocco will face a deficit in water supply in the coming few years, becoming an even more water-stressed economy. Therefore, while it is essential to address the water issues through a more efficient use of scarce resources, it is also critical to make the economy less dependent on the weather by developing sectors other than agriculture, and by encouraging a more efficient agricultural sector, in terms of water use.

Figure 1
Weather and the Economy
Morocco's Economy is Highly Dependent on Weather



Slow implementation of economic reforms and lack of competition hinder attempts to boost other sectors. Investment opportunities are constrained by a highly centralized public administration, which is not equipped, either in staff or resources, to achieve its missions. Moreover, the concept of public service is perverted. Protecting privileges -- thereby delaying any reform that may change the *status quo* -- became the guiding principle of a bloated bureaucracy. Less than transparent links between this bureaucracy, public enterprises, banks and the private sector have resulted in a closed system where legal and

²Human Development Report 1998, UNDP. Per capita GDP is about \$1,300.

illegal barriers to entry make it extremely difficult for small- and medium-size and even foreign enterprises to take advantage of investment opportunities. In such a system, similar to the “cozy capitalism” which contributed to the Asian crisis, access to credit and markets and, more generally, enterprise growth, rely on connections and corruption rather than on a healthy competition that rewards economic and commercial performance.

Nonetheless, recent developments are likely to curb the trend and provide unique opportunities for Morocco to successfully address the above challenges. For example, the country has witnessed an unprecedented opening of the society. Constitutional and institutional changes in recent years were targeted at improving governance by bringing institutions closer to people. The push for wide scale regionalization and the resultant creation of consultative and regional councils and parliamentary reforms, if fully implemented, could become significant steps on the path of democratic empowerment of the population.

The spectacular development of civil society and non-governmental organizations since the mid-1980s has also contributed to improved governance. In virtually all key political, social and economic areas – human rights, corruption, health, education, welfare, the fight against poverty and exclusion, and rural development -- NGOs have appeared to deal with problems for which the state now recognizes that it cannot assume the full responsibility. According to a USAID-sponsored political assessment,³ Morocco has clearly opened itself up to gradual democratization in many ways, progressing “astonishingly” farther than any time in his history and potentially providing a genuine model for other countries in the region.

According to the assessment, Morocco's greatest political achievement is to have reached a general consensus on the nature of the political framework appropriate to the country, and over the rules according to which the political game should be played. This general consensus, was crystallized in the composition of a new government, based on the results of elections, which represents a coalition of various parties from the former opposition. This coalition enjoys the trust of the population, and carries the promise of a more progressive, civic-minded polity with improving attitudes towards human rights and self-expression, decentralized authorities and a liberalized economy.

This promise is a unique opportunity for USAID to help the country materialize the population's aspiration to more social justice, resulting in tangible benefits for all. Moreover, the Moroccan population has invested enormous hopes in the new governing team, which some argue is a “last-chance” government: “Should public expectations be frustrated, the possibility of widespread popular unrest, destabilization, or political crackdown and regression cannot be ruled out.”⁴ Such a scenario would certainly have negative repercussions on the entire region and underlines the necessity to support this government's efforts to preserve the U.S. interests in the region.

2. Morocco's Development Goals and U.S. Assistance

The new government is currently developing a five-year plan (1999-2003). The goal of the plan is to move from a stagnant economy to one characterized by a strong, sustained, growth-generating employment and reduced social and geographic inequalities. A key element of the plan is to decentralize the decision-making process.

³Dr. Guilain Denoeux, Colby College (ME), conducted the Democracy/Governance Assessment in August 1998.

⁴D/G Assessment, page 96.

One year into its new government, Morocco is clearly at a crossroads politically, economically, socially, and administratively. Tough choices that are unfolding now will significantly impact upon the country's ability to achieve newly established development targets. The U.S. has signaled its support as Morocco undertakes a critical experiment to open the economy and society, and lay the foundation for more effective integration into the global marketplace.

A key element of this experiment is the new government's policy and aggressive pursuit of decentralization, deconcentration and democratization. The objective is to stimulate more broad-based participation in the country's socio-economic and political life, and thereby increase the likelihood of achieving development targets. At the core of this policy is regionalization -- the recent creation of 16 new geographic and political regions, designed to provide a more effective basis for local level planning and implementation of development programs. In short, regions are to be governed by regional councils (comprising a mix of popularly elected and appointed members), and technically supported by a series of appointed, sectoral commissions, and decentralized inter-ministerial working groups.

Other elements of this policy of decentralization include a push for greater, more effective participation of civil society in the decision-making process. This will be accomplished via direct intervention by various elements of civil society, or in partnership with national, regional and local government and private sector structures.

Regionalization will increase the complexity of the framework of local structures and provide unique challenges for the restructuring of national government. For example, national ministries are currently reassigning staff and devolving budgetary decision-making from the national ("down") to the regional level. Concurrently, existing resource allocation patterns and practices at provincial (sub-regional) levels are being reexamined in light of regionalization efforts, e.g., for possible reassignment of certain functions and authorities ("up") to the regional level.

Further, the move toward regionalization has accentuated the need for increased preparedness of all parties -- civil society, private sector and government -- to meet the challenges presented by an open door to increased participation. It also is presenting unique challenges and opportunities for external assistance, particularly as development successes in one geographic area are now being considered for replication in other areas. For donors, key questions are how will this dynamic impact upon on-going and planned development initiatives, and how can the donor community promote decentralization, deconcentration and democratization as integral elements of current and planned programs.

USAID/Morocco, in particular, must determine how, with declining resources, we can:

- build upon the success of key, pilot activities across Morocco;
- help to demonstrate how these activities can be adopted in other geographic areas;
- contribute to developing appropriate models for replication and cross-ministerial communication within a decentralized context; and
- promote the dialogue between our traditional partners in technical ministries and their newly emerging counterparts on the regional councils and the various commissions appointed by these councils.

Thus, within this context, USAID has a clear challenge and opportunity to be on the cutting edge in assisting Morocco to negotiate these crossroads.

For many years, our assistance has been of considerable magnitude, and has been well targeted to achieve impressive results. These results range from the national policy level to pivotal demonstration effects in the field in a variety of sectors. While the magnitude of USAID assistance has rapidly declined, we have consulted with our partners to carefully examine and identify opportunities to maximize the impact of available assistance. From these exercises, we have concluded that USAID can indeed continue to make significant contributions to Morocco's development by serving as a catalyst to:

- ensure that lessons learned from past USAID assistance are replicated in a rapidly changing political and administrative context of decentralization;
- support the government's push to identify and leverage alternative sources of financing to implement reforms initiated under USAID-supported policy analyses and pilot programs; and
- deepen the institutional capacity to build upon USAID-supported successes.

PART II: Proposed Strategic Plan

A. Program Goal and Relationship to Agency Goals and Objectives

The goal of the Mission's strategy is:

Expanded resource base and capacity for sustainable development

This goal statement supports Morocco's development policy to achieve higher rates of economic growth so that Moroccans will enjoy higher standards of living.

This goal statement also supports the conclusions from the extensive analyses, assessments and consultations conducted by the Mission to guide our strategy development work. These conclusions are that USAID's resources should be concentrated on consolidating the gains from past assistance, and, where possible, be directed in such a manner as to attract or leverage other resources, including domestic and international financing.

Thus, this goal statement addresses both the economic ("expanded resource base") as well as the institutional (human and administrative "capacity") constraints to sustaining and replicating the lessons learned and significant successes of prior USAID assistance.

B. Statement of Strategic Objectives

In accord with the decision to scale back the USAID program in Morocco, while capitalizing upon recent successes, the Mission is targeting two key strategic objectives (SOs) -- private enterprise development and water resources management; and two special objectives (SpOs) -- population/health/nutrition; and basic education. The two SOs represent areas of planned new investments, along with completion of highly successful, on-going activities, and the two SpOs represent substantial completion of work under the previously-approved strategy, with a significant focus on sustainability. By the end of this new strategy, both SpOs will be completed, leaving two well-focused, complementary SOs.

The strategic objectives are:

- SO5: Increased opportunities for domestic and regional trade and investment, and
- SO6: Improved water resources management in the Souss-Massa river basin.

The special objectives are:

- SpO7: Key interventions promote sustainability of population, health and nutrition programs, and
- SpO8: Increased attainment of basic education among girls in selected rural provinces.

C. Crosscutting Themes and Synergies Among Strategic Objectives

Deconcentration and decentralization of decision-making and budget authority is central to all SOs and SpOs within the Mission. Working with counterparts to develop both the necessary cross-sectoral policy reform agenda and prerequisite capacity building at the local level will be essential to further USAID/Morocco's objectives in a resource-scarce environment, and to support GOM initiatives which will ultimately result in greater democratization and equity.

The GOM has recently begun to conceptualize integrated, inter-ministerial planning and programs at the regional level, which capitalize on the opportunities presented by the decentralization policy, growth of civil society and public-private partnerships, and the opening up of Moroccan domestic and international financial markets. These socio-economic development plans call for concerted and coordinated effort among ministries, local entities, the private sector and civil society in order to reach integrated, equity-based development objectives. The key to this approach is a focus on the region as a newly created structure and the direct benefits that should derive from such a structure at the local level -- even at the community level. The establishment of regional entities (the regional council, sectoral commissions, regional ministerial delegates, etc.) creates a number of opportunities and challenges.

As noted earlier, the introduction of a new regional layer, however, increases the complexity of and interactions within the framework of local structures, and presents unique challenges and opportunities for external assistance agencies. USAID/Morocco is well positioned to assist these transitions, even with limited resources. This will require integrated, crosscutting themes and activities, which build on the combination of strong USAID sectoral expertise with local Moroccan initiative. Our individual SOs and SpOs are already making significant contributions, but with a single sector focus. The value added of a coordinated effort between the Mission's SOs/SpOs and a new management structure to deal with these types of integrated and/or synergistic programs, is that of leveraging and multiplying the development impact of relatively small programs, while providing support to emerging GOM and private initiatives at a critical time.

In order to maximize the overall quality and impact of our contribution to major development problems in Morocco, USAID/Morocco has determined that the following are within its manageable interest:

- a focus on common, crosscutting themes across the SOs and SpOs;
- co-location of SOs and SpOs in one geographic region; and
- co-implementation by SOs and SpOs of select, complementary activities.

1. Crosscutting Themes

Two themes are being developed as the Mission continues the elaboration of a crosscutting strategy: gender issues and private-public partnerships. These themes will be emphasized across all sectors of engagement during the strategy period. Following is a summary of key issues related to these themes and a short discussion of how each strategic or special objective will contribute.

Gender Issues

USAID/Morocco will target opportunities to increase the participation of women in decision-making processes, and to increase their access to resources for their development.

Strategic Target: Increased number of women and girls participating in development activities.

Women's participation in public life and the economy in Morocco has evolved positively since the country's independence. However, women's roles, legal status, access to resources, and participation in the political arena remain limited. Under Moroccan constitutional law, there is no distinction between male and female citizens. Women can vote, have full legal rights over their property, can own businesses, and can engage in private enterprise. However, these rights are often contradicted by the Code of Personal Status (Moudawana) which regulates the status of women in the family and is based on religious doctrine.

Women increasing their participation in the formal labor market (currently 23 percent of women are in the urban labor force). Particularly in urban areas, women have access to wage-earning jobs in a multitude of businesses and professions, although they continue to occupy the lowest grades of the private and public sectors. Rural Moroccan women are the most disadvantaged segment of the country's population and are subject to greater socio-cultural constraints than urban women. Even though they are major contributors to agricultural production and livestock raising as well as working in the home, 55 percent of rural Moroccan women, age 15-49, work for no monetary compensation and their traditional work is devalued since it is non-cash and non-market.

One of the greatest challenges facing women in Morocco is their lack of access to education. The overall illiteracy rate in Morocco is 55 percent with the female illiteracy rate at 67 percent. The picture is even gloomier for rural women whose illiteracy rate is 89 percent.

Health indicators for Moroccan women tell a sad story as well, despite great strides over the past twenty years. The maternal mortality rate remains quite high with 228 deaths per 100,000 births. Mortality of children under-five is also high with 46 deaths per 1,000 births.

Increased access to services and resources, and the empowerment of women to participate and implement their own decisions has become a critical issue facing the country.

Although the status of women in Morocco has improved considerably in the last few decades, much work still needs to be done. Rural women, in particular, lack adequate access to health, education, small credit, and legal services. Certainly, with the confusion posed by the existence of both the Moudawana laws and the constitutional laws applicable to women, women's control over their own property and income remains questionable.

In the area of assistance to the private sector development, women will be accorded at least 50 percent of working capital loans to expand their businesses and increase revenue. Empowerment will come through increased control over decision-making and assets.

In the area of water/environment management, access to clean water and sanitation directly affects the

well-being of girls and women. Time spent fetching water and caring for sick children is lost to more productive activities, and girls often stay out of school because of such duties. Girls enrollment and attendance in school is negatively impacted by poor sanitary conditions, so SO6's work in schools will help to increase girls' enrollment. Further, planning and decision-making structures in the water sector typically lack the inputs of women as a primary user and beneficiary.

In the area of health, the essence of SpO7 is to assure access to quality reproductive health information and services -- efforts that are critical to women's empowerment and well being. At the community level, SpO7 activities will also strengthen social infrastructure, with women as leaders in adopting key health behaviors.

In the area of basic education, rural girls are the most marginalized segment of Morocco's population. Capturing them within the system ensures that they benefit equitably from services and can develop the necessary skills for future access to resources. SpO8's *raison d'etre* is to increase the participation of rural girls in basic education by alleviating constraints and obstacles at the school, household, and community levels and ensuring that girls' education continues to be in the forefront of Morocco's dialogue on education.

Private-Public Partnerships

USAID/Morocco will actively test, encourage and promote a variety of partnerships within and across our sectors of engagement.

Strategic Target: Increased number of public-private partnerships.

According to several sectoral assessments, lack of local capacity is one of the primary constraints to successfully undertaking local development initiatives. Several mechanisms exist to build local capacity among partners (i.e., NGOs, local authorities, the private sector, local representatives of national ministries and financial institutions). Partnerships are one of the most effective mechanisms available to link the needs and concerns of communities to private sector interest, and to the decision-making and actions of elected and appointed officials. In addition, partnership arrangements provide one of the most effective means to broaden both the financial and technical resource pools for local development. Local and regional governments must develop physical and economic plans that take private investment decisions into account. The policy reform role of national government and the implementation of such reforms by local governments must leverage and add value to small- and medium-scale private investments. Access to credit by individuals and communities extends the social and economic impacts of growth to poor or otherwise marginalized populations.

Accomplishing the Government's plans to significantly increase the rate of economic growth and the development of social and environmental infrastructure will increasingly depend upon partnerships and coordinated approaches between a myriad of public and private sector interests. The development of institutional structures, the delineation of responsibilities and procedures for bringing together all of these interests is crucial to the success of such partnerships.

In the area of private sector development, SO5 will award and manage small grants for NGOs that promote business opportunities to support and complement regional and local governments inputs

concentrated in the Souss-Massa region. The nationwide network of microfinance offices will serve as centers for the provision of non-financial services such as business-support services training, environmental/water and waste management information, and health and family planning education.

In the area of water/environment management, a river basin agency is a clear example of a public-private partnership. The agency's management council will be composed of representatives of chambers of commerce and agriculture, NGOs, farmers' associations, and indigenous groups, alongside diverse government representatives.

In the area of health, in order to achieve the SpO, the private sector must play a stronger and more effective role in the traditionally public sector domain, i.e., preventive health. This requires increasing both the role of the for-profit sector in service delivery and the non-profit private sector in information and community interventions. This also requires strengthening the capacities of local health authorities to be better managers, which involves greater leveraging and use of local resources and partner inputs (e.g., elected officials, local NGOs and other government agencies).

In the area of basic education, SpO8 will increase the participation of girls' education partners. These partners will include the private sector, semi-public institutions, and NGOs. At the national level, SpO8 co-hosted a conference in March 1999, with the participation of the First Lady of the U.S., targeting the private sector to solicit financial support for rural primary education and to encourage private sector entities to assume an advocacy and lobbying role *vis-à-vis* Morocco's civil society. One example of such a partnership is the "One School, One Agency" initiative that was introduced by one of Morocco's leading private banks. This program mobilizes the bank's clientele's to act as a school board for a particular school and provide it with technical, medical, and financial inputs.

2. Activity-level Synergies Among Strategic Objectives

The development of a number of synergistic activities, further described in each SO section below, will underscore both the crosscutting themes and the developmental objectives of individual SOs. In most cases, this will involve targeting of the same customer groups at the activity level, similar to the manner in which inter-ministerial working groups and the regional councils will target overlapping customer groups in the rural, urban and peri-urban zones of the regions. Co-implementation of activities will be sought as it will provide a powerful development approach, and thus, USAID programs will have important demonstration effects.

3. Geographic Focus

USAID/Morocco will promote higher impact through geographic synergy by concentrating a substantial proportion of its resources in the Souss-Massa-Draa region (the S-M-D). This region is selected because of its considerable geographic, social, ethnic, and economic diversity, and because it represents many other areas of Morocco. For example, many of the issues confronting the S-M-D are indeed national issues. The S-M-D region:

- has among the highest rates of poverty and population growth;
- faces an increasingly severe water shortage;
- has a mix of rural, urban and peri-urban areas and an equally diverse mix of large, medium and

- small cities;
- incorporates one of nine newly-planned river basin agencies to manage water resources in the region; and
- is an attraction for both domestic and international investors.

USAID/Morocco will also continue to work in other geographic areas.

4. Approach

The Mission will establish a Crosscutting Team to direct and monitor implementation of the above crosscutting themes and synergies. This team will be led by the Urban Programs Officer and will comprise senior representatives from each Mission team/office. The team will be responsible for the identification, design, funding (where required), monitoring and reporting of key, relevant activities or “targets of opportunity” that will:

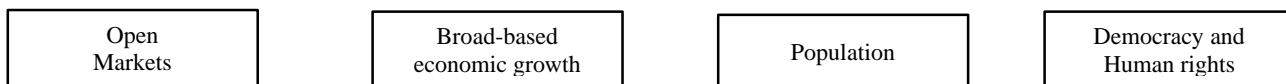
- enhance the Mission’s work at and beyond the SO/SpO levels;
- be well within the Mission’s management interests;
- have no extra overall budgetary implications, but may require “buy-ins” from SO/SpO teams; and
- develop clear and minimum targets and benchmarks for tracking and reporting.

D. Strategic Objectives

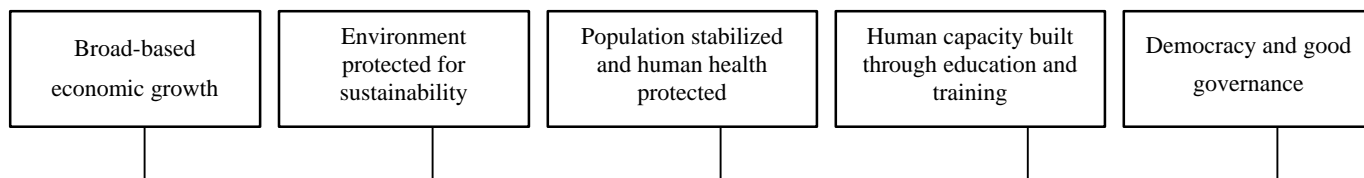
Figure 2 presents a summary of the Mission’s results framework. An illustrative Performance Monitoring Plan (PMP) is presented in Annex D.

Figure 2
Program Results Framework

U.S. MISSION GOALS

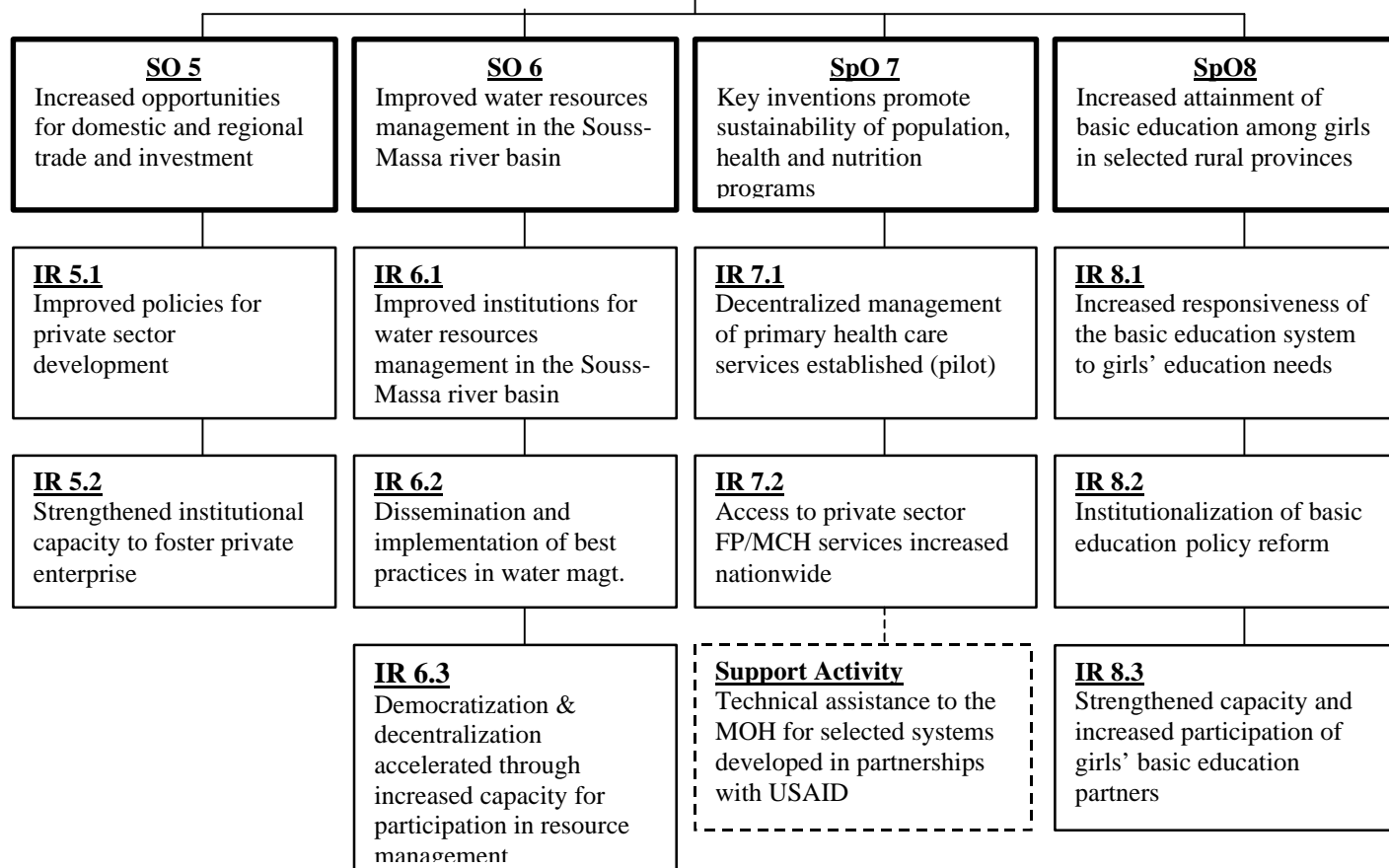


AGENCY STRATEGIC GOALS



USAID/Morocco GOAL

**Expanded Resource Base
and Capacity for
Sustainable Development**



SO5: Increased Opportunities for Domestic and Regional Trade and Investment

Vision Statement: USAID's economic growth program will contribute to increased productive investment by improving the competitiveness of Moroccan enterprises in domestic and international markets and through the creation and expansion of small enterprises.

More specifically, activities under this SO will serve to accelerate the pace of constructive economic policy reforms, remove or reduce constraints to productive investment, strengthen institutions that support private sector expansion, and enhance opportunities for small and microenterprise development.

By the end of the strategy period, Moroccan businesses will benefit from fewer administrative and regulatory barriers to trade and investment; more efficient service delivery through both public and private sector institutions that support private sector initiatives; and increased access to finance, particularly for small and microenterprises.

1. Background, Problem Analysis and Target Group

a. Background

Over the last decade, Morocco has implemented economic reforms recommended by the World Bank and the International Monetary Fund. These include successful macroeconomic stabilization measures, progressive economic liberalization, tariff reductions and deregulation, and the launching of a privatization program. These reforms, taken collectively, helped alleviate fiscal and budgetary constraints and create a more favorable setting for private sector development in Morocco. As a result, the contribution of the private sector to GDP increased from 64 to 75 percent between 1985 and 1995, and the private sector share in total exports increased from 60 to 75 percent over the same period.

During the last three years, however, the private sector share in investment has stagnated and private savings have declined. Recent evidence indicates that total factor productivity growth has also slowed considerably, resulting in a reduction in non-agricultural GDP growth from an average of 3.9 percent per year in the last half of the 1980s to 2.7 percent in the 1990s. According to the World Bank's Private Sector Assessment (1998): “the performance of the private sector has fallen short of the high expectations generated by the achievements of the 1980s.” This relatively disappointing performance suggests that trade and investment related policy reforms have not gone far enough and that other constraints to private sector development must be systematically addressed in order to enhance prospects for sustainable private sector-led economic growth.

b. Problem Analysis

Recent studies by USAID, the World Bank, and others have clearly identified a number of problems that constrain the expansion of private enterprises in Morocco and reduce competitive advantages for domestic and regional trade and investment.⁵ These include: poor infrastructure, arbitrary bureaucratic interference in business, particularly by the tax authorities; “woeful inadequacies” in corporate law and dispute resolution; corruption; lack of skills in the workforce; access to, and cost, of finance,

⁵ World Bank, “Private Sector Adjustment Update.” Washington. June 1998.

particularly for small and microenterprises; and inadequate access to serviced land, technology, and market information.

An “Investors Roadmap” exercise financed by USAID confirmed that administrative regulations and procedures present barriers to enterprise creation and expansion.⁶ A 1998 survey of 370 enterprises similarly identified “administrative behavior” as the primary private sector complaint. Other surveys, conducted by the National Business Federation and by Chambers of Commerce and Industry have reached similar conclusions.

Slow judicial response and the lack of adequately-trained judges impede the resolution of commercial disputes and act as disincentives to trade and investment for Moroccans and foreigners alike. Two USAID surveys conducted in 1997 concluded that inadequate dispute resolution measures and lack of respect for commercial agreements are perceived as major problems by potential investors from Europe or North America.⁷

Widespread corruption continues to discourage investment and raises the cost of doing business in Morocco, in spite of the GOM anti-corruption campaign launched in 1996. A recent survey of businessmen found that 98 percent believe that corruption is “widespread” and 49 percent admit to paying bribes to get around bureaucratic barriers.⁸

Inadequate access to finance is a major impediment to business creation and expansion, particularly for small and microenterprises (estimated to constitute up to 85 percent of all Moroccan businesses). Lending to the private sector in general -- and to smaller borrowers in particular -- is constrained by a shortage of capital in the commercial banking system. Funds for private lending are limited by mandatory public sector debt instruments and by conservative lending practices that rely heavily on collateral-based guarantees. Small business owners encounter difficulties obtaining working capital loans, even when armed with credible business plans. Loans for microentrepreneurs, though now an accepted feature of the credit market in Morocco, thanks largely to USAID's groundbreaking efforts, still serve only a small fraction of the population. And homeowner loans for low income Moroccans are virtually non-existent.



Formalization of informal sector clothing manufacturer as a result of NED-supported training and business planning.
Investment of Dh 418,000; 5 jobs.

Over recent years, USAID has assisted the GOM and the private sector to address pertinent economic growth issues. USAID efforts have targeted the enterprise creation process, American-style business training and services, export firms' competitiveness, financial markets reforms, privatization, pricing and competition policies, domestic trade liberalization, and the introduction of microfinance to Morocco. Yet, a number of constraints still need to be addressed, and reforms deepened or completed. USAID's future strategy will build on past successes,

⁶ Draft report of *Investors Roadmap for Morocco*. Price Waterhouse-Coopers/The Services Group, Washington, February 1999.

⁷ *European Union Buyers Survey*, FINTRAC/Development Alternatives, Inc. Washington, December 1997. *North American Buyers Survey*, FINTRAC/Development Alternatives, Inc. Washington, May 1998.

⁸ *Le Mal Marocain, Enquête de Telestratégie* auprès de 300 Investisseurs, L'Economiste, Casablanca, June 1998.

lessons learned, and the government's receptivity to systemic, innovative approaches, which often yielded viable institutional models, best practices, and strategic directions in several areas.

c. Target/Customer Group

Elements of the population that will benefit most directly from successful implementation of USAID's strategy will include:

- Moroccan and foreign investors, their shareholders and employees who will profit from increased competitive advantage as administrative and regulatory burdens are reduced, corruption is minimized and business support services (including commercial dispute resolution) are provided more efficiently.
- Small and microentrepreneurs (many of whom will be female), their employees and dependents, who will gain enhanced access to credit for productive investment in the local economy, leading to increased incomes and employment generation.
- Virtually all Moroccan businesses could benefit from increased domestic and foreign investment and efficiencies resulting from appropriate technology transfer and a more open and transparent market economy.

2. Results Framework

a. Link To Agency and Mission Strategic Goals

The EG program supports the Agency goal of "Broad-Based Economic Growth Achieved" by strengthening markets and by expanding access and opportunity for the disadvantaged. It constitutes a substantial part of the Mission Performance Plan in the specific areas of Broad-Based Growth and Open Markets and, to a lesser extent, Democracy. All proposed USAID reform and institutional development activities are included in the GOM short and medium term action plan. The EG team is part of the multi-agency U.S. Mission Prosperity Team and collaborates with the Mission's Economic Section to identify high priority reforms and maximize synergy between MPP objectives -- the Eizenstat Initiative, in particular -- and EG activities.

b. Performance Indicators

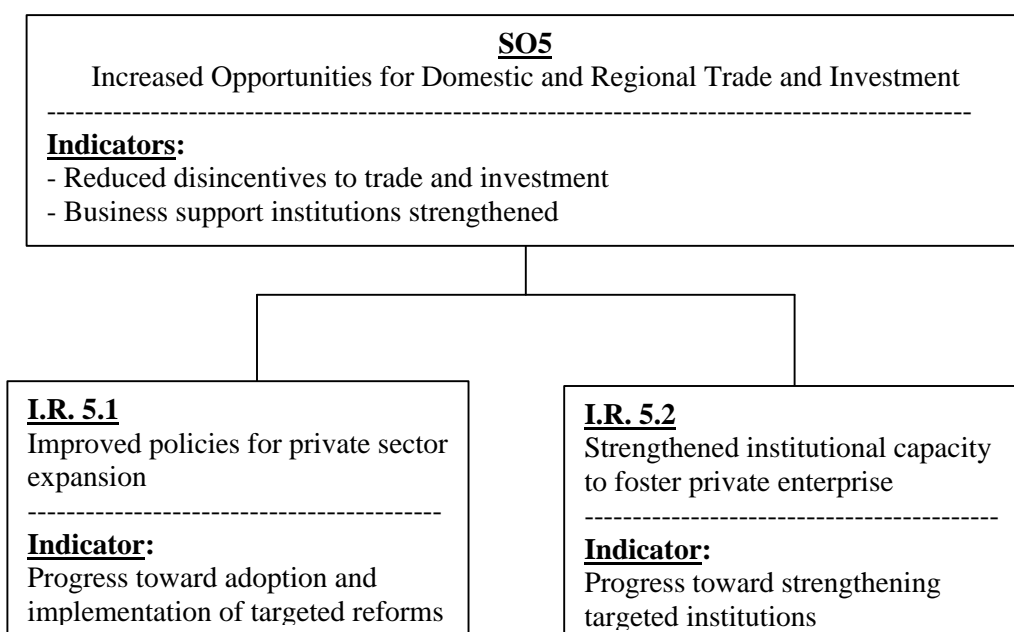
The SO team proposes two indicators to measure the overall success of the program:

- Reduced disincentives to trade and investment (contributing to a more conducive/competitive environment for trade and investment flows) and
- Business support institutions strengthened (leading to more efficient and lower cost provision of services);

c. Intermediate Results

IR 5.1: Improved Policies for Private Sector Expansion. USAID, in collaboration with multilateral agencies, the Prosperity Working Group, the GOM and other stakeholders, will identify policy-related constraints to private sector expansion and provide assistance needed to reduce or eliminate such constraints. Where a (Maghreb) regional approach is warranted because of cross border synergies, and funding for regional activities is available, the SO team will expand the context for policy reform initiatives to encompass both a bilateral and a regional perspective.

Figure 3
SO5 Result Framework



Although specific constraints to be addressed under IR 5.1 will be identified over the program strategy period, as targets of opportunity arise and economic circumstances evolve, notional policy/regulatory reform targets could include:

- reducing administrative/bureaucratic requirements for business registration and operation;
- broadening and codifying anti-corruption statutes and enforcement mechanisms;
- streamlining tax administration;
- accelerating and broadening trade liberalization and
- increasing the use of public savings to facilitate private investment.

Intermediate results will be tracked through an IR indicator: “Progress Toward Adoption and Implementation of Targeted Reforms,” which will assign an achievement percentage to measure progress through all phases of the reform process. Depending on the specific nature of the reform being targeted, additional measures that capture more quantifiable impacts on the Moroccan economy

resulting from constructive policy change may also be envisaged.

IR 5.2: Strengthened Institutional Capacity to Foster Private Enterprise. The SO will provide assistance to selected public and private sector institutions that provide services to private enterprises. That assistance may take the form of specialized expertise, program support contributions, training, the provision of information technology, and limited commodities. The same collaborative approach to program decisions, described above, will be employed to identify the most appropriate counterparts for institutional development assistance under this IR. Notional candidates for this component include:

- public or private sector institutions engaged in investment promotion and facilitation;
- public or private sector institutions engaged in commercial dispute resolution;
- public sector authorities responsible for the protection of intellectual property rights;
- public or private sector institutions engaged in the operation or regulation of capital markets;
- private institutions providing financial services to small and microenterprises;
- public or private institutions involved in the establishment of professional standards and certifications (e.g. ISO 9000, GSM, etc.);
- business registration authorities;
- public or private institutions providing market access information to businesses;
- customs administration authorities;
- public or private institutions setting accounting and auditing standards and ensuring compliance and
- public or private institutions providing information about appropriate technology options for Moroccan businesses.

Accomplishments will be reported via an IR indicator which will track capacity development and efficiency in service delivery stated as “Progress Toward Institutional Strengthening,” measured by specific steps which include: 1) needs analysis; 2) intervention design; 3) management consensus; 4) systems implementation; and 5) operations verification. More quantifiable measures to assess the economic benefits associated with institution strengthening will be developed on an ad hoc basis.

d. Critical Assumptions

Foremost is the assumption that the new government and the leadership of relevant public sector institutions remain amenable to the enactment of constructive reforms to support an expanded role for the private sector in the Moroccan economy. A second assumption is political stability and relatively peaceful relations with regional and international trading partners. The strategy also assumes sustained USG support for the GOM and USAID resources sufficient to ensure reasonable levels of staff and program funding.

e. Links to Other Strategic Objectives

Proposed SO5 activities will directly and indirectly support the objectives of other USAID teams. Provincial and regional public-private partnerships will support education and health as well as business activities. Strengthening grants for NGOs that promote economic development opportunities will be concentrated in the river basin. Business training can be furnished through farmer and water users associations. In addition, investment promotion from regional and provincial centers can be

linked with and supported by the National Investment Promotion Office.

The microfinance project will concentrate its expansion in the Souss Massa river basin and open up to 15 offices in the region to provide loans to microentrepreneurs. The regional office network may serve as venues for the provision of non-financial services, information and service referrals in areas supported by other SO/SpO teams, such as efficient water management principles, business training, family planning, AIDS education, waste management and environmental health. SO5 and SpO7 will explore opportunities for synergy on the national policy and local practical aspects of encouraging and expanded role and participation of the private sector in MCH/FP.

Anti-corruption initiatives, either through policy reform or institutional development components, will benefit the implementation of SO activities throughout the USAID portfolio.

f. Partners

Primary EG partners will be the Prime Minister's office, three GOM ministries, and several non-governmental organizations. The Prime Minister's office will serve as the institutional home of the Investment Promotion Agency. The Ministry of General Affairs of Government has been designated as coordinator for pan-governmental ministerial support and impediment resolution to attract foreign investment. It is also the counterpart ministry for the New Enterprise Development project and will play that role for the proposed new Results Packages. The Ministry of Industry, Commerce, and Artisanry will remain USAID's partner for the promotion of microenterprise and several ongoing reform initiatives that facilitate investment. The Ministry of Justice will be the lead partner for judicial reform and anti-corruption measures. The National Business Federation (CGEM) and national Moroccan NGOs (Transparency-Maroc, Maroc 2020, and Alternatives) will play key roles for anti-corruption activities. The Ministry of Economy and Finance, the Central Bank, and various private banks will be USAID's counterparts for the promotion of small business working capital loans. Crédit Hôtelier et Immobilier (CIH) and various banks are counterpart institutions for pilot-project housing loans. The national NGO, Al Amana, the leading microfinance agency in Morocco, will remain a major beneficiary of USAID assistance through 2003, with private banks expected to play an increasing role in microlending. Other national and local NGOs will be instrumental in fostering public-private partnerships and expanding economic opportunity for their members and constituents.

3. Illustrative Activities and Implementation Approach

The SO team proposes to design and implement two new Results Packages corresponding to the IRs and performance indicators described above. Each will be cast as an “umbrella” activity in that, while the goal, purpose, objectives and assistance modalities will be specified in a single contract or cooperative agreement; specific targets, performance indicators and level of effort/resources required for any sub-activity will be more precisely defined at a subsequent point of time and will depend on evolving analysis and priorities. It is anticipated that these umbrella activities will be authorized at a level sufficient to set in place appropriate long-term implementation mechanisms, but incrementally funded so that annual appropriations can be allocated to correspond to near-term strategic priorities. Issuing Mission-generated delivery orders against an “umbrella” contract would allow the Results Package manager to respond quickly to short-fuse targets of opportunity. Regional funds will be used to supplement bilateral funding sources for these new activities in instances where a clear regional

perspective and approach can be defined and an appropriate regional implementation methodology can be implemented.

The first of the two new Result Packages, tentatively entitled Accelerated Reform for Trade and Investment Expansion (ARTIE), will focus on policy or regulatory reform, as described in IR 5.1 (above). It will finance specialized technical assistance for the design or execution of policy research, surveys, or analysis to help reduce policy or regulatory-related constraints to trade and investment.

The second proposed Results Package will be crafted around a new umbrella activity tentatively entitled: Institutional Strengthening for Business Support (ISBS). This activity will finance institutional assessments and analyses as well as the design and implementation of improved management systems. In addition, one component of the Results Package will potentially utilize \$2 million to fund institutional strengthening grants to local NGOs to build their capacity to promote economic opportunity for their constituents, work with local and regional governments, and lobby for positive change.

Two ongoing Packages, New Enterprise Development (NED) and Microenterprise Finance (MF) will finance selected reform and institutional strengthening activities up to their termination dates of 2001 and 2003, respectively.

More details are included in Annex E, Illustrative Activities and Implementation Approach.

4. Other Donors

The World Bank is the major donor for economic growth. Among its portfolio of some \$550 million for various projects, it provides \$250 million to promote macroeconomic policy reform and \$100 million to support structural adjustment. Specific funding promoting private enterprise targets international trade, privatization, financial sector liberalization, and the labor code. The \$480 million European Union program has allocated \$295 million for economic growth, of which \$128 million supports structural adjustment. \$155 million supports various activities to help make Morocco's economy and companies more competitive, the objective being to meet the challenge of zero tariffs which, under the terms of a Morocco-EU accord, will kick in progressively in the years up to 2010. USAID's program, unlike those of the Bank and the EU, targets microeconomic and ancillary reforms and institutions that affect business in general and small and microenterprise in particular. For microenterprise, the UNDP provides a small fund under its multi-country MICROSTART program. USAID activities complement and support those of our donor partners and in certain areas (privatization, administrative reform, small and microenterprise finance) have attracted significant amounts of funding from other sources.

5. Resource Requirements

Program Budget: \$11.5 million over the strategy period will enable EG to support priority actions of the GOM and the Mission Performance Plan, including bilateral activities, which will promote the Eizenstat Initiative. Less than \$11.5 million will impact on NGOs; business policy, information, and support services; and finance for small businesses, microenterprise, and potential homeowners. A higher amount will promote Vice President Gore's New Partnership Initiative, providing more

resources for NGO strengthening, particularly for grassroots development. But even at the \$11.5 million level, the mortgage for the microenterprise project may not be fully funded. However, this very successful project has demonstrated the potential for sourcing funds from other donors or via market-rate bank loans, particularly for loan capital. USAID's Development Credit Authority is one potential source, but other possibilities are already being explored. Regional ESF will allow EG to promote regional activities to support Eizenstat. The Agency's severe funding constraint has also led us to cease consideration of other potential activities identified by recent USAID assessments of privatization and capital markets.

Staffing: The EG core team professional staff will include a USDH officer and two FSNs. A USDH officer will serve as Economic Growth team leader and member of the U.S. Mission Prosperity Team. One FSN professional banker will manage NED to its termination and share responsibility for ARTIE. The other will share responsibility for the ISBS Results Package and retain full responsibility for microfinance activities. A second USDH (RUDO) and another FSN professional will be part-time members of the EG team, specializing in housing finance and urban infrastructure development. In addition, one U.S. PSC economist will coordinate Eizenstat Initiative support and the reform agendas. With regard to the Morocco bilateral trade and investment reform agenda, he will work with the ARTIE Results Package. One other professional FSN PSC will coordinate the NGO grants activity under ISBS Results Package. A long-term expatriate advisor will manage the NGO grants component and provide financial accountability through his/her organization's financial management system. Support staff will include a full time project assistant, a secretary, and (part-time) a FSN financial advisor, contracting specialist, and a secretary for urban programs. USDH personnel and team secretaries will be OE-funded. All other staff will be program funded and all but the technical advisor for grants management will be Personal Services Contractors. One FSN activity manager will be funded initially by NED and then ARTIE. The U.S. PSC economist will be funded by regional trade and investment funds in support of the Eizenstat Initiative. The other FSN activity manager and FSN NGO grants coordinator, and expatriate NGO grants manager will be funded by ISBS. Support staff funding will be provided proportionately by the Results Packages.

SO6: Improved Water Resources Management in the Souss-Massa River Basin

Vision Statement: The economy of Morocco depends largely upon renewable natural resources, the most limiting of which is water. By the end of Strategic Objective 6, USAID/Morocco will have mitigated this constraint to Moroccan prosperity by improving water resources management, specifically by helping to put in operation a model agency for integrated water management in the Souss-Massa River Basin. The region was selected because it juxtaposes successful commercial activity (e.g., a vibrant tourism industry and production and shipping of 60 percent of exported fruits and vegetables) with pressing social and environmental needs (e.g., especially high rates of female illiteracy; rapid depletion of groundwater, and breakneck migration to cities).

Better water management and improved decision-making structures will increase availability of water, increase economic returns from the dominant agriculture sector, and reduce inequities and social disruptions of the coming transition to more efficient water use in industry and urban development. Conversely, unmediated competition in the water sector will likely cause depletion of the regional aquifer to such an extent that fresh water will be contaminated with salts, currently productive farms will fail, unimproved sanitation and clean water facilities will foster the spread of communicable diseases, and endangered species dependent upon freshwater wetlands will become extinct.

By promoting integrated, local-level management through a cross-sectoral river basin agency, SO6 will have also introduced a leading example of decentralization applicable to other regions and other sectors. By establishing a model of transparent decision-making involving local and regional government, community groups, and the private-sector, SO6 will have contributed to the development of grass-roots democracy and responsive governance. By working with citizens to meet their needs in safe water and sanitation, SO6 will have supported Mission and Agency objectives in prevention of childhood illness, (in partnership with the Population and Health Office). By bringing water, sanitation, and environmental education to rural schools (in partnership with the Special Objectives), SO6 will improve educational opportunities for Moroccan children, especially girls. By establishing a system to conserve water, enable sustainable urbanization, and manage pollution, SO6 will have helped to protect Morocco's environment for long-term sustainability.

1. Background, Problem Analysis, and Target Group

a. Background

Morocco runs on water. Forty percent of the economically active population works in agriculture, a large portion of the transportation and industrial sectors process and move farm products, and agriculture and agribusiness account for a third of the export market.⁹

Two-thirds of these exports are produced by irrigated agriculture, which uses 90 percent of the nation's captured freshwater. Planned expansion of Morocco's network of dams can increase the supply of water by perhaps one-fourth, but projected doubling of the population over the next 30 years will result in massive decreases in per capita income unless fresh water is managed more effectively. Desalinization is not now a viable option, as current costs are 100 times the highest prices paid in the country, and nation-wide production totals about 3 percent of water used by the capital city of Rabat/Sale.

⁹ Annuaire Statistique du Maroc, 1997



Abandoned farm in the Guerdane region of the Souss-Massa River Basin due to water shortage caused by over-pumping.

Morocco needs a Blue Revolution. Morocco needs to transform the current inefficient agglomeration of water agencies into a sustainable system in which processes based on equity, efficiency, and transparency result in a better quality of life and more sustainable economic growth.

b. Problem Analysis

In the Middle East, North Africa, and around the world, decreasing per capita water supplies are considered an emerging crisis and threat to internal stability. Water shortages catalyzed the near-collapse of the

Jordanian government last year, just as ancient societies in Mesopotamia, Central America, and the southwestern U.S. collapsed after periods of drought. Morocco's vulnerability to water scarcity is clear, as ancient dynasties fell during prolonged droughts, and in 1995 the country was forced to transport drinking water to cities such as Tangier by boat and let industries close for lack of water. To prevent a water-induced crisis in Morocco, fundamental improvements in water efficiency in the agriculture sector and reallocation of savings toward industrial and household uses are essential, because water availability is limiting the growth of economically viable urban centers. However, Moroccan society and politics are deeply rooted in agriculture, so change must be implemented with meticulous attention to social stability and basic democratic principles.

It is estimated that the economic return of a liter of water used in industry is 20 to 100 times that of a liter used in agriculture, and some crops are worth 20 times more than others per liter of water consumed. Even on traditional cereals and vegetables, large increases in water efficiency are possible. Irrigation practices developed under USAID's Tadla Resources Management Project (608-0213; PACD 1999), which cost \$10 million over 6 years, are already saving \$660,000 worth of water per year, enough to fully supply a city the size of Fez. Even without politically complex re-allocations of water or removal of water subsidies (about \$350,000,000 per year in the urban and agricultural sectors¹⁰), simply optimizing water distribution (providing current supplies to current users at the optimum times) would save the equivalent of nearly 1 percent of annual GDP.¹¹

Underlying these economic considerations for improving water resources management are issues of health and social welfare. Aside from humanitarian needs, economic growth in Morocco is being limited by water-borne diseases that limit productivity, economic efficiency, and educational opportunities.

Diarrheal disease is the major contributor to child mortality in Morocco. The need to care for sick children limits the ability of women to pursue education and productive work, as does the need to invest an average of 90 minutes per woman per day hauling water for household use.¹² Water scarcity is also a catalyst in Morocco's rapid urbanization, as farmers unable to pay for new wells are forced to

¹⁰ Bouhia, 1997. Dissertation, Harvard University.

¹¹ *Ibid.*

¹² L'Opinion, March 9, 1999

join the rural exodus.¹³ USAID's infrastructure programs (Urban Environmental Credit Program, Urban Environmental Services) in mushrooming peri-urban areas provided clean water and sanitation to 52,000 households in 1997, directly improving their quality of life, and increasing the economic viability of these areas. Related programs in municipal management, water supply, and wastewater treatment assure the sustainability of this work. These projects will continue for several years, fulfilling commitments to partners within and outside of the Souss-Massa region, where new work will focus.

The Water Resources Sustainability project (608-0222, PACD 2002) will continue to work with community and agency partners to complete field activities in erosion, wastewater, and pollution control, to improve environmental norms and standards, and to facilitate the new results package. Urban Environmental Services (608-0221) will be extended through 2000 to provide technical support to diverse elements of USAID/Morocco working in the urban sectors.

Morocco has recognized its impending water shortage and has committed to a program to improve water management that follows the international consensus of water resources specialists.¹⁴ The keystone of this restructuring is the 1995 law decentralizing financial and planning authority for water resources to nine river basin agencies (RBA). One RBA has been established. Each RBA is to be directed by a council representing national, regional and local government agencies, private sector agricultural and industrial interests, ethnic NGOs, and citizens' groups "elected by their peers." Water resources planning authority is reinforced by a 1995 law that devolved authority to design, develop, and operate urban services to local entities. Five-year and twenty-year plans are to be submitted by RBAs to the Water and Climate Council, which is charged with national-level water resources planning.

SO6 is designed to take advantage of this unique opportunity to simultaneously support decentralization, economic development, and improved environmental quality by assisting in the establishment of a River Basin Agency in the Souss-Massa region. River basins cross the regional boundaries on which Morocco's decentralization movement is based, but are essential to unified approaches at the newly dispersed centers of decision-making. SO6 will work to consolidate and equalize a partnership for water management among the public and private groups represented through the RBA. These partners include the provincial and regional governors appointed by the Ministry of Interior, the elected regional council, sectoral agencies such as the Ministries of Agriculture, Public Health, and Water and Forests, and Regional Development, Environment, Urban Planning and Housing, the Hydraulic Administration, the National Offices of Electricity, and Potable Water, public utilities, ethnic minorities, municipalities, communes, etc.

SO6 has selected the Souss-Massa River Basin as the most promising site to establish a model RBA because it brings together the pressing elements of scarcity, pollution, and competing demands. Per capita water availability in the Basin is comparable to that in the dozen driest countries in the world,¹⁵ yet the Souss-Massa produces nearly two-thirds of Morocco's exported fruits and vegetables. The area cultivated in high-value fruits and vegetables more than doubled between 1992 and 1996. Moreover, the region is under-served in many respects, making it an appropriate place for USAID to intervene to assist in the development of services and opportunities for the poor. Coastal tourism thrives in the city

¹³ Urban Development Assessment, USAID/Morocco, 1998

¹⁴ The international community recently reached consensus on requirements for sustainable water resources management. As stated in the 1992 Dublin Principles, it is (1) integrated across sectors, including environmental protection; (2) localized and participatory; (3) responsive to the needs and capacities of women; and (4) conscious that water is an economic good. Similar approaches are endorsed by the World Bank, OECD, EU, and USAID's Global Bureau.

¹⁵ Hopkins Report: Water Crisis Looms as World Population Grows. 1998.

of Agadir, despite discharge of untreated wastewater a few kilometers south of the beaches. Abundant freshwater is crucial to the hotels and golf courses. The city is also supported by export and fishing industries, and surrounded by irrigated cultivation of high-value citrus and vegetables. Above, in the High Atlas and Anti Atlas Mountains that define the basin, a third of the region's people face severe erosion and water scarcity problems in and around poor rural villages. Along the corridors between the major producers and the port, rural migration has spawned an explosion of under-served communities in economically viable market centers and small cities, where annual population growth rates are around 10 percent per year.¹⁶

After internal reviews, studies by water specialists from USAID/Washington and the International Water Management Institute, and extensive discussions with the GOM, and with other donors, SO6 chose this region to assist in the establishment of a river basin agency over two other basins equally ranked by the GOM because:

- Critical issues in water supply and safety require immediate attention;
- Technical issues are tractable with USAID's resources;
- Institutional partners in the region are especially willing and competent;
- Community partners in the region are well-developed and collaborative;
- Local issues (water scarcity, pollution, urbanization, and industrialization) are also important national issues;
- National-level partners encouraged work in the region;
- The economic importance of the region raises its national visibility;
- Social, health, and educational needs that other SOs can address are acute; and
- The primary alternative, working with a World Bank-assisted RBA, would be limited by their previously selected institutions, approaches, and sectors.

Our initial and primary work will be at the institutional level, alongside national, regional, local, and private-sector partners. These partners will cooperate to coordinate water planning, distribution, allocation, and quality management, leading to the establishment of a Souss-Massa RBA. To assist the RBA, we will offer technical assistance and financial support in sectors such as irrigation efficiency, wastewater treatment and reuse, potable water, pollution prevention, and coastal zone management, depending on priorities determined by the RBA itself. Technical assistance will also focus on developing analytical tools for decision-making and resolving or preempting conflict. Integrated water management will become an integral part of the regional economic and social development plan currently under discussion by a group of Moroccan agencies.

U.S. management experience with our own RBAs and similar public-private partnerships for water management (e.g., the Tennessee Valley Authority, the Colorado Basin Authority, Texas, New Mexico, other state programs) will be adapted to the Souss-Massa, along with appropriate supporting technologies. We will make available the best technical, institutional, and community participation practices developed over the past 5 years of USAID/Morocco's work in the water sector, and test them in an articulated series of pilot activities designed to showcase the power of integrated water resources management. Specific pilot activities will ultimately be selected with the RBA on the basis of priorities for intervention in the Souss-Massa Basin.

¹⁶ Bouhia. *Ibid*

The only decreed RBA in Morocco has just begun operations in the Oum er Rbia. It is being assisted by the World Bank, and modeled after a well-established French system of river basin agencies. Moroccan partners have encouraged USAID to offer alternative models, especially those based on the U.S. experience managing water in the arid lands. Early, avoidable challenges to the authority of the newly established Oum er Rbia RBA suggest that USAID's experience in consensus building will also be valuable. USAID's experience is also of interest for alternatives to the French model for municipal water and sanitation (concessions to private engineering and management companies).

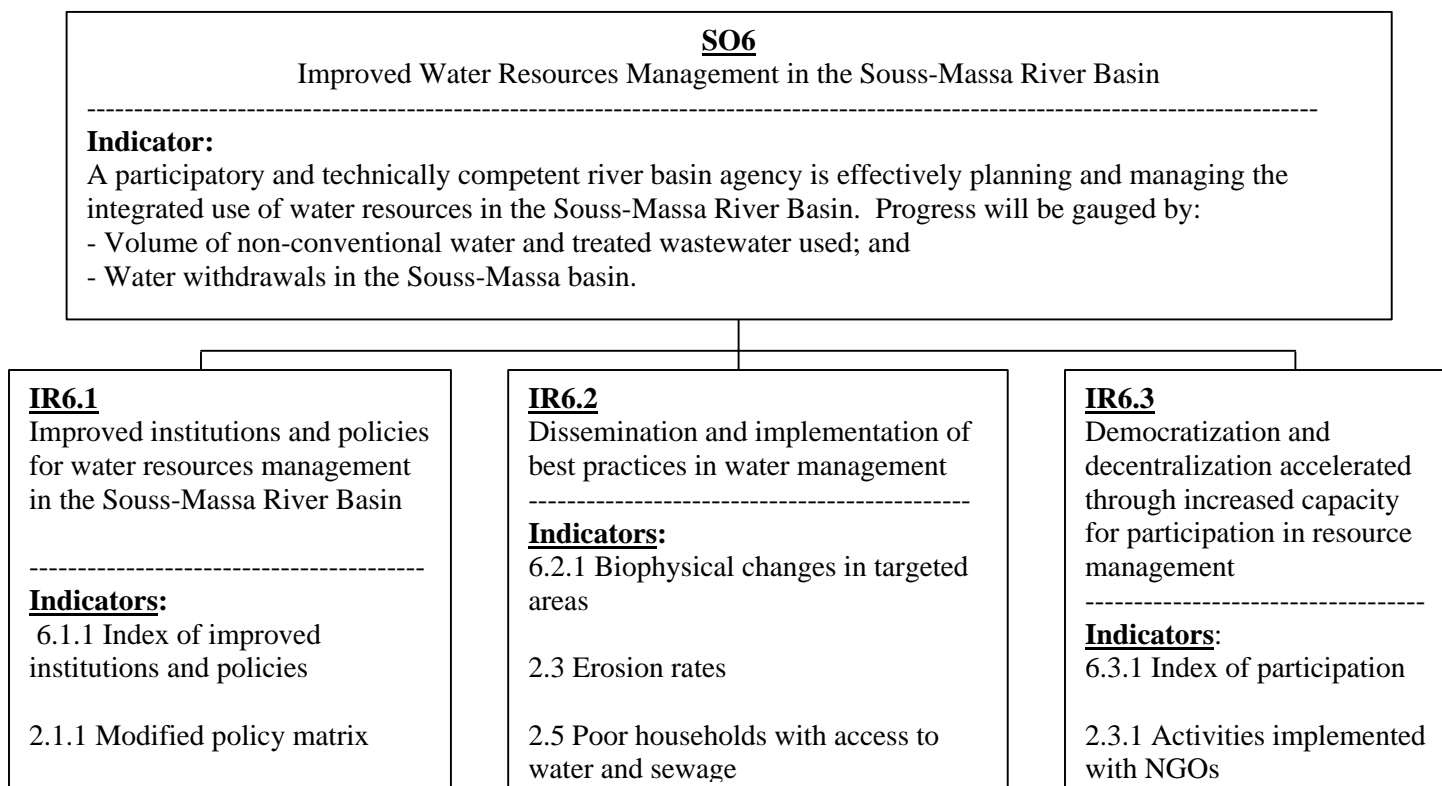
c. Target/Customer Group

The ultimate beneficiaries of the work proposed here are the household, agricultural, and industrial water-users of the Souss-Massa region. The long-term benefits of integrated water management will reach these groups through the River Basin Agency and its constituent members. Immediate benefits will be realized by the agencies, municipalities, and water-users groups that become partners for pilot projects.

2. Results Framework

SO6 will improve the efficiency of water use and the effectiveness of participatory water management in the river basin. This improvement will be accomplished through three mutually reinforcing intermediate results, which will advance the strategic objective of improved water resources management.

Figure 4
SO6 Results Framework



a. Link to Agency and Mission Strategic Goals

SO6 will advance the Mission strategic goal of “Expanded resource base and expanded capacity for sustainable development” in several ways. It will improve sustainability, efficiency, and equity in water-related natural resources by expanding the participation base for decision-making. Small farmers and poor people living in under-served neighborhoods will benefit. SO6 will assist national agencies, regional/local governments, and communities to develop transparent and effective systems of joint planning for water resources management, thereby building capacity for sustained improvement in environmental management.

SO6’s work will serve USAID’s strategic goals, especially (1) “Broad-based economic growth and agricultural development encouraged,” by improving equity and sustainability in the use and allocation of natural resources; (2) “Building sustainable democracies,” by promoting transparent, responsive government and an active civil society; (3) “World population stabilized and human health protected,” by improving access to and quality of water and sanitation services; and (4) “The world’s environment protected for long-term sustainability,” by establishing a system to conserve the water of protected wetlands, by enabling sustainable urbanization, and by promoting pollution management. All four of these USAID goals reinforce U.S. foreign policy interests as stated in the Mission Performance Plan.

b. Performance Indicators

The performance indicator for SO6 is:

- A participatory and technically competent river basin agency is effectively planning and managing the integrated use of water resources in the Souss-Massa River Basin. Progress will be gauged by: (a) Volume of non-conventional water and treated wastewater used; and (b) Water withdrawals in the Souss-Massa basin.

Both of these complex and large-scale objectives will require technical and political cooperation among wide groups of stakeholders, so they should faithfully indicate the overall success of the agency. Both are subject to change depending upon the decisions of the RBA and its partners. The latter indicator (b) is subject to substantial variation with weather, and may not be informative every year.

c. Intermediate Results

Following is a discussion of the intermediate results (IRs) that will ensure achievement of the strategic objective. In addition, current SO2 (USAID/Morocco Country Program Strategy, 1995-2000) indicators of policy reform, public participation, household water and sewerage service, and erosion rates will be tracked until 2002 under the relevant SO6 IRs, as indicated in the Results Framework (Figure 4).

IR6.1: Improved Institutions for Water Resources Management in the Souss-Massa River Basin

Institutions managing and using water will integrate planning among ministries, and between national government, local/regional government, and citizens. This work will be concentrated in Phase 1, the

first 2 years of the results package. The causal relationship between the SO and more integrated management of water resources is that without access to water, there can be no significant economic growth in the agricultural, industrial, tourism, or service sectors. Over-exploitation of the Souss-Massa aquifer is already unsustainable, and demographic pressure will continue to augment demands for water in all sectors. With proper management of the resource, water will be allocated to the most productive and efficient sectors while maintaining social and economic stability.

The performance indicator will be an index reflecting the extent of vertical and horizontal integration, and the evolution of policies to assure water is available to the most appropriate users as defined by a rational, transparent, participatory, and cross-sectoral process. Elements will include establishment of the RBA as a legal entity, development of technical capacities, sustainable financing, and mechanisms for public participation and cross-sectoral communication.

IR6.2: Dissemination and implementation of best practices in water resources management

Water activities will be designed, implemented and monitored using the best available technical, financial, and organizational practices. This work will be concentrated in Phase 2, the latter years of the results package. The causal relationship between the SO and effective human and technical management approaches is that environmental quality is fundamental to sustainable development and social welfare. Indicators will reflect improvements in human and natural habitats, supporting an expanded resource base.

Performance indicators for IR 2 are illustrative, as actual interventions will be developed by the RBA during implementation of Phase 1, but promising areas for attention include:

- Agricultural, industrial, or municipal pollution loads, which could be measured directly as concentration or flux, or indirectly as number of improved facilities;
- Agricultural and industrial water efficiency, which could be measured directly as liters saved or indirectly as hectares cultivated with improved methods; and/or
- Protected natural aquatic and coastal habitat, such as estuaries and wetlands, which could be measured as hectares of protected areas or other natural habitat assured a sustainable supply of water.

Household water supply and sanitation will receive particular attention because of the high return that the Urban Program Office has achieved in this sector, and because of excellent opportunities for partnership with health activities undertaken by SpO7. Moreover, municipal water and sanitation is a clear priority for communities, regional government, and national ministries alike. We anticipate using a mix of direct and indirect performance indicators, including:

- Number of households and communities acquiring services,
- Rates of diarrheal disease among children in targeted communities, and
- Use of hygienic handling of food, water, and wastes.

Where possible and appropriate, the Mission will coordinate with USDA/FAS in programming of P.L. 480 Title I (f) local currency funds for promotion of environmentally sound agricultural techniques and environmental health awareness in farming villages. Such coordination will deepen the impact of this IR and strengthen linkages to microenterprise activities of SO5, and to environmental study units in cooperation with education initiatives of SpO8.

IR6.3: Democratization and decentralization accelerated through increased participation in resource management

SO6 will provide training, technical support and direct opportunities for action to increase the frequency and effectiveness of public, private, and community groups as they participate in obtaining and maintaining common resources and services (water and its supporting infrastructure). This work will be spread throughout the SO implementation. The causal relationship between the SO and public participation is that (1) water management is most effective when appropriate authority is devolved to the lowest practical level, and (2) decentralization has been endorsed by the Moroccan government as the process by which elected local and regional officials will assume greater authority to make decisions and respond to citizens' demands. Grassroots community participation in activities that improve their collective well-being is the most direct means to illustrate the opportunities of democratization to ordinary Moroccans.

Performance indicators will assess participation by counting the number of associations and individuals (of different social, economic and sectoral backgrounds):

- participating in project and policy design; and
- actually implementing projects and policies.

d. Critical Assumptions

The success of this strategy depends upon the following assumptions:

- severe drought does not introduce an atmosphere of crisis;
- the central government and its ministries maintain their commitment to decentralization, in general, and to RBAs, in particular; and
- the Government decrees the Souss-Massa RBA within one year (as will be covenanted in the agreement with the GOM; partners assure us that the decree will be obtained easily).

e. Links to Other Strategic Objectives

We will work with SpO7 (Health and Nutrition) to develop community-based water and sanitation programs that will reduce the incidence of communicable diseases, especially in children. We will work with SpO8 (Education) to present educational material on public health and water conservation in schools, and if possible to provide sanitation and potable water to some schools. We hope to work with SO5 (Economic Growth) to disseminate water-saving technologies through the private sector.

f. Partners

The universal need for water concerns a wide range of parties in its management. Our partners will primarily be members of the RBA council, especially communes and citizen's groups, but the structure is deliberately open to others. At the national level, we have consulted extensively on the purpose and operation of an RBA with the Hydraulics Administration (charged with distribution of water and the principal author of the 1995 Water Law); the Rural Engineering Administration (charged with irrigation management); and the Secretary of State for Environment (charged with environmental planning and coordination). Further discussions with the Environment's parent agency, the Ministry of Regional Development, Environment

Urbanism, and Habitat, are underway to assure the very broadest and most senior support for the program.

We expect that these agencies and their local delegates will be the foundation of our work with the central government. The regional office of Hydraulics will be the home of the new RBA and the Water and Forests Department, the National Office of Potable Water, and Ministries of Health and National Education will also be engaged. At the regional level, the *Wilaya* and Governors, who represent the Ministry of Interior (MOI), will be essential partners. The regional office of the shelter-upgrading agency (ANHI) will be a key partner in the Souss-Massa, just as other ANHI offices will implement ancillary activities in other regions.

At the local/regional level, the Regional Council and Director General of Local Communities in the MOI will be key partners for coordination, and the appointed provincial and regional governors, the municipalities, and their community groups will be key partners in implementation. Much work and capacity-building will be devoted to assuring effective communications up from this level to the governors and ministries. Community groups and trade associations will also be major partners.

U.S. and local PVO partners working in southern Morocco are expected to help develop and implement model school and community water and sanitation programs. The U.S. Department of Agriculture is considering support for integrated rural water use programs through P.L. 480, Section 108 (f) funding.

3. Illustrative Activities and Implementation Approach

A new seven-year results package will initially emphasize broad-based institutional development and consensus-building, then devote attention to capacity-building and technical interventions.

Phase 1, Building Partnerships: A fundamental result of the first year of the results package will be a decree creating the Souss-Massa RBA as a legal entity. We will work with stakeholders to develop consensus on how the agency will be structured, to create confidence in the new RBA, and to spark collaborative approaches. Participation will be nurtured, as agencies and ministries have previously had little need to cooperate with each other or with elected officials, NGOs, and producers. Through an inter-sectoral steering committee, we plan to quickly form technical working groups to consider the full array of RBA governance and functions authorized in the 1995 Water Law. Designing and

conducting mutually accepted assessments of the current status of water resources and the pressures upon them is a promising form of collaboration that can establish a common understanding of problems and baselines to gauge progress.

Phase 2, Building Sustainable Systems: The primary outcomes of the later years of the results package will be (1) confirmation of transparent and collaborative water management through the planning, monitoring, and enforcement functions of the RBA; and (2) improvements in water quality, efficiency, and distribution, through projects sanctioned by the RBA planning process. Areas of special interest include sanitation and potable water in under-served communities, agricultural water reuse, agricultural efficiency, and pollution treatment and prevention. Community health will receive special emphasis in partnership with the Population and Health Office, with the specific objective of reducing childhood morbidity and mortality. There is no expectation that the RBA will be an implementing agency, and such efforts are liable to distract from its crucial planning, management, and coordination functions. Implementation of infrastructure and sectoral policies will remain the responsibility of current private, community, and government organizations. Typical USAID assistance would be in the form of feasibility studies, small-scale demonstration projects, environmental and social impact assessments, development of cost recovery plans, and facilitation of project financing, including appropriate participation of the Development Credit Authority (DCA).

More details are included in Annex E, Illustrative Activities and Implementation Approach.

4. Other Donors

Given USAID's limited budget, leveraging other funds is an essential element of our strategy, and in recent years, SO6 has successfully collaborated with other donors, the private sector, and civil society groups to extend the reach of our programs. Several donors are active in the water sector in the Souss-Massa River Basin and are potential USAID partners during the proposed strategy period. As the focus of our work is on strengthening and integrating the institutions responsible for water management, these partnerships will be especially important in implementing field projects that demonstrate the advantages of integrative approaches (i.e., in Phase 2).

The German KfW is working in the sewerage and sanitation sector in peri-urban and rural areas and is interested in (1) financing the extension of the wastewater treatment and reuse technology tested in the USAID-funded Drarga pilot activity, and (2) providing loan support for a wastewater treatment plant based on USAID's pilot plants in Ouled Teima. The Belgian Government is interested in composting and will likely support a proposed compost facility in Drarga. The Agence Française de Développement (AFD) in partnership with the Caisse Nationale de Crédit Agricole (CNCA) is working on the 90 km El Guerdane irrigation canal to safeguard 10,000 hectares of citrus menaced by the continuing fall in the water table. The AFD is also working with ANHI in the urban infrastructure sector.

The World Bank's large-scale irrigation management project (PAGI II) is supporting irrigation system rehabilitation nationally and is a potential partner in the Souss-Massa. Similarly, the IBRD's work with the new Oum-er Rbia Basin Agency can be of direct benefit to USAID's work with the Souss-Massa Basin Agency, and *vice versa*. The World Bank is also providing assistance to the parastatal Community Equipment Fund (FEC) for municipal water infrastructure, while the German GTZ is

working with the parastatal potable water organization, ONEP, to finance sewage treatment in several small cities. The European Union has also recently approved a large program in water-related research in the Mediterranean Basin, some of which is likely to be directed toward the Souss-Massa region. Finally, the Arab Fund for Social and Economic Development, FADES, is financing the construction of a major dam and extensive urban infrastructure near Agadir, and the Japanese government has provided a small grant for solid waste management in Ouled Teima.

International development partners will be included in technical working groups to be established the spring of 1999. As the Mission begins design of the RBA water management results package as part of its new strategic approach, donor partnerships in the water sector of the Souss-Massa River Basin will be further elaborated.

5. Resource Requirements

Program Budget: To implement activities proposed for SO6, the Mission requests a total of \$13.55 million. This level of funding will allow full implementation of the activities proposed here, resulting in significant improvement of the sustainability and safety of water resources in the Souss Massa region. Moreover, these funds will contribute to more fruitful synergies between the water SO and the health and Education SpOs, and would enhance the overall impact and value of the Mission's development investments.

Staffing: The Environment and Natural Resources Office consists of the SO6 Team Leader, a senior FSN environment/agriculture expert, a USDA RSSA water resources specialist on detail from the Global Bureau's Environment Center, and an FSN administrative assistant. The SO6 Team also includes the Environment and Urban Programs (EUP) staff (USDH and FSN), a part-time contracts specialist, and a part-time financial analyst.

SpO7: Key Interventions Promote Sustainability of Population, Health and Nutrition Programs

Vision Statement: By the end of 2004, Moroccan women, children, and families will be assured of access to quality reproductive and child health care, independent of USAID resources, as a result of the strong commitment of the GOM with the support of USAID and other donor partners. Quality services, products and information on family planning, maternal and child health and micronutrients will be widely available in both the public and private sectors. SpO7 interventions will contribute to this achievement with the following tangible results:

- Moroccan women will have access to a full range of contraceptive methods; in the public sector the majority of the commodities will be funded by the GOM;
- In pilot regions, a model of public health management for preventive health will be established, with the following features:
 - Regional and provincial managers develop and implement action plans that incorporate a wide range of partners, including elected and appointed officials, representatives from other ministries, communities, and the private sector.
 - Communities, in particular women, take a more active role in meeting their own needs and adopting more health-beneficial behaviors and, as a result, marginalized populations will begin showing improvements in key health indicators;
 - This model will be in the process of being replicated in other regions with GOM and/or other donor funding.
- The private sector will have assumed a larger role in the delivery of reproductive and child health services, including long-term family planning methods, ORS and micronutrients:
 - 50 percent of Moroccan women fulfill their contraceptive needs through the private sector, up from 37 percent in 1997.¹⁷
 - Food products supplemented with Vitamin A are widely marketed.

Special Objective interventions will provide solutions to key impediments to program sustainability, namely a heavily centralized public sector program, significant populations with unmet need, and serious financing constraints. Thus, by the end of the Special Objective in 2004, the GOM will have institutionalized a sustainable approach to reproductive and child health care. National progress on key indicators such as contraceptive prevalence will be assured and USAID's investment protected.

1. Background, Problem Analysis, and Target Group

a. Background

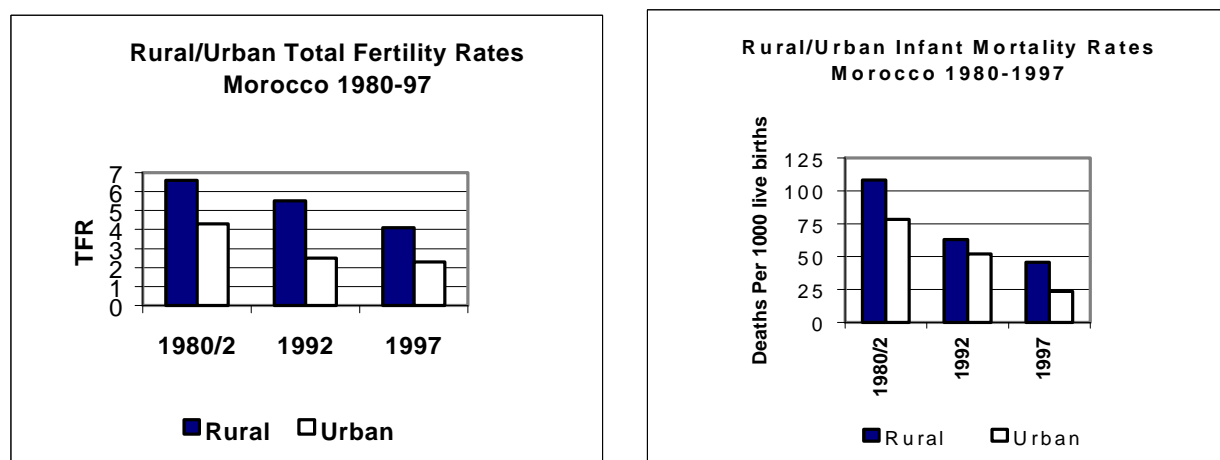
USAID has been the leading partner of the GOM's family planning/maternal and child health (FP/MCH) program for many years. With USAID assistance, the national program is now well established and has achieved dramatic improvements in national maternal and child health indicators. The total fertility rate (TFR; average rate of number of children per woman) was greater than 7 in 1962, 3.3 in 1995, and is now 3.1, with the urban rate as low as 2.3.¹⁸ The percentage of married women using a family planning method has increased steadily from 19 percent in 1980 to 59 percent in

¹⁷ L'Enquete Nationale sur la Population et la Santé (EPPS-1995).

¹⁸ L'Enquete Nationale sur la Santé de la Mère et de l'Enfant (PAPCHILD-1997).

1997. Infant mortality has decreased to 36.7 per 1000 live births -- a significant decline from 91 per 1000 births in 1980.¹⁹

Figure 5
Rural/Urban Total Fertility and Mortality Rates



These successes are evidence that the Ministry of Health (MOH) has reasonable institutional capacity with a comprehensive public health infrastructure and relatively strong technical capability, particularly at the central level. By the end of USAID/Morocco's current Strategic Objective, Reduced Fertility and Improved Health of Children under Five and Women of Childbearing Age, in December 2000, the MOH will have in place most of the necessary elements of a fully functioning, national reproductive and child health program. There is also substantial donor support to the MOH reproductive and child health program, in particular, and the health sector, in general. Indeed, USAID/Morocco has been particularly successful in working with the MOH to leverage other donor funding for replication of key reproductive and child health interventions.

Given these achievements, USAID and the MOH have agreed on a phase-out of USAID assistance to the sector and all efforts are now solidly focused on consolidation of program gains with an emphasis on sustainability.²⁰ Recent analysis, however, provides compelling evidence that program achievements are vulnerable and that a significant setback could occur, as has happened in other countries, should USAID withdraw assistance precipitously. One example is in the voluntary surgical sterilization (VSC) program. VSC was selected as a family planning method by approximately 8 percent of contracepting women in 1995²¹ but following an important reduction in USAID support as part of the phase-over process, access has become problematic and use has dropped to only 5 percent.²²

A large part of the problem of program sustainability is related to the level of USAID and other donor financing for the Morocco program. Estimates indicate that within the MOH's 1997-98 overall reproductive health program operating budget, 74 percent of the family planning program was funded

¹⁹ Ibid.

²⁰ Sustainability is defined as the ability of the health system (public and private) to produce high quality family planning and maternal and child health information, products and services that are sufficiently well valued by the population so that adequate national resources are committed to their continued delivery. (USAID Transition Plan, April 1996)

²¹ EPPS-1995.

²² PAPCHILD-1997.

by donors. In 1994, USAID funding accounted for almost 45 percent of the entire family planning operating budget, and 68 percent of donor contributions. Even in 1997, following vigorous efforts to increase the contribution of the Government of Morocco and other donors, estimates indicate that USAID funds represented 35 percent of the total family planning operating budget and 48 percent of total donor contributions.²³ The trend of reduced USAID funding will continue, but all participants agree that a precipitous program cut would be very damaging. Both USAID and the MOH are optimistic, however, that with access to USAID technical assistance, a modest level of continued funding and some additional time, Morocco can successfully transition away from USAID funding, while maintaining program achievements. SpO7 is designed to achieve this result.

b. Problem Analysis

There is overwhelming consensus among national decision-makers and key partners on issues that must be addressed to achieve program sustainability. Many of these transcend family planning, reproductive health, and child survival programs and represent broader priorities for the Ministry of Health, the Government of Morocco and the wider donor community as a whole.

Program weakness can be broadly stated as falling in the following areas:

- ***Unmet Need/Access Problems:*** Unmet need remains a serious constraint for women and children in Morocco, with significant areas of the country lagging more than 10 years behind the rest in all health indicators. This is evidenced by important rural/urban differences in all key indicators, such as a TFR of 4.1 in rural areas as opposed to 2.3 in urban areas²⁴ (see Figure 2). The reasons for these discrepancies are numerous. For example, 31 percent of the population still lives more than 10 kilometers from a health center,²⁵ posing real problems for rural populations to reach health services. In terms of child health, 41 percent of Moroccan children have subclinical Vitamin A deficiency, with important consequences for morbidity and growth.²⁶ Childbirth remains more risky for Moroccan women than for women from any other Arab country except Yemen. This problem is compounded by the fact that Moroccan women who have reached their ideal family size and desire no more children have great difficulty accessing more appropriate, long-term family planning, and instead are using less reliable and more expensive oral contraceptives. Unmarried women, in particular adolescents, also have difficulty using reproductive health services. These problems, encompassing both quality of services and financing issues, are at the heart of program sustainability.
- ***GOM Financing Constraints:*** Financing of the health sector is problematic. The MOH budget represents less than 5 percent of the national budget.²⁷ The allocation of the health budget favors the curative over the preventive sector. Cost recovery is minimal in public hospitals (less than 15 percent²⁸) and is non-existent in the public preventive sector. Health insurance covers less than 20 percent of the total population.²⁹ The preventive sector is heavily dependent on donor funding, particularly World Bank loans. The MOH is particularly vulnerable in terms of contraceptive procurement, which has been heavily financed by USAID.

²³ Guedira et Belouali, Draft "Santé de la reproduction au Maroc (Caire +5)," 1998.

²⁴ PAPCHILD-1997

²⁵ Service des Etudes et de l'Information Sanitaire (SEIS-1997)

²⁶ MOH: "Enquete Régionale sur la Carence en Vitamine A", 1998.

²⁷ The World Bank, "Health Financing and Management Project Appraisal document," 1998.

²⁸ Forward Projection based on: Ministère du Plan. "Household Expenditure Study", 1991.

²⁹ The World Bank, "Health Financing and Management Project Appraisal document," 1998.

Projections indicate that the GOM will need to allocate approximately \$7 million/year by 2002 to finance contraceptives for distribution through the public health program.³⁰

- ***Intersectoral participation.*** The Moroccan reproductive and child health program is largely public sector. Only 37 percent of family planning users receive their methods from the private sector -- and these are primarily consumers buying pills from pharmacies. The potential of the private sector, however, is impressive. A recent market segmentation study

indicated that up to 1.5 million women could receive reproductive health services from the private sector by the year 2005, up from the current level of approximately 600,000.³¹ In addition, the potential role of local NGOs has only recently been recognized by the MOH. USAID has been working to increase the role of the private sector, but significant challenges remain. They include a general lack of understanding of the important role in preventive services that the private sector can play, an environment of rigid medical ethics that prevents promotion of private providers, and the need for quality assurance.

These constraints also need to be placed within the broader context of population momentum -- estimates indicate that the number of women of reproductive age will increase from 6.8 million in 1995 to 8.8 million in 2005.³²

Considering these essential elements, the MOH is currently drafting its five-year sectoral strategy (1999-2004). The broad priorities of the strategy include:

- Strengthening preventive services: objectives include targets for reducing infant and maternal mortality;
- Encouraging deconcentration: objectives include establishing regional health structures with reallocation of resources to the regional level and correcting regional and provincial inequities in terms of public health coverage and
- Mobilizing additional resources for the sector: objectives include expanding health insurance coverage and improving management and cost recovery in the curative sector, thus freeing up resources for the preventive sector.

In terms of reproductive and child health, the MOH strategy outlines a five-year transition period for the sector during which donor resources are critical for success.

These priorities directly address USAID's primary concerns and, in many instances, are areas in which USAID has played a leadership role. Thus, in light of this positive policy environment and the compelling need to assure a reasonable phase-out of USAID funding so as to protect program accomplishments, USAID proposes to support a limited program (Special Objective 7, SpO7) for the period 1999-2004. SpO7 will focus on the priority interventions essential to achieve sustainability of the reproductive and child health program that are within USAID's manageable interest. Without this support, USAID/Morocco believes that critical elements of the U.S. government's significant

³⁰ MOH. "Un Investissement Stratégique: La Planification Familiale au Maroc", 1998.

³¹ Ministère de la Santé and The Policy Project, "Etude de Segmentation du Marché de Planification Familiale au Maroc: Résumé." 1998.

³² The Policy Project Spectrum Analysis for Morocco, 1998.

investments in the health sector will become vulnerable. This is particularly true given the new demands on program management resulting from the GOM's commitment to deconcentration.

c. Target/Customer Group

The projected 8.8 million women of reproductive age and 3.5 million children under five,³³ and their families, will be the primary customers of USAID assistance in reproductive and child health. This will be especially the case in two pilot regions (of which one is S-M-D for synergies with other SOs), where focus will be placed on those with the greatest "unmet need," including unmarried youth. Key intermediate partners who will benefit from a range of interventions include MOH managers, representatives of local NGOs, professional associations and other local leaders in the two pilot regions.

2. Results Framework

USAID will support limited program elements deemed the highest priority because of their contribution to the long-term sustainability of the reproductive and child health program. As USAID will finance only selected interventions, designed to be close-ended, this has been designated as a Special Objective. The focus of the SpO is on improving management of reproductive and child health programs at the local level, in keeping with GOM deconcentration initiatives, and on increasing the role of the private sector, in order to diversify the resource base and thus relieve some of the burden on the public sector. This approach coincides directly with GOM priorities and incorporates essential interventions that have been initiated with USAID support, but that remain incomplete. A wide range of partners were consulted and participated in the development of the SpO, including representatives from the MOH (central and local), private sector, NGOs, local communities, and other international donors.

a. Link to Agency and Mission Strategic Goals

By helping to assure that Morocco's reproductive and child health program can function independently from donor resources, SpO7 directly addresses USAID's strategic goal, "World population stabilized and human health protected."³⁴ Efforts to strengthen local level management and increase participation of communities also respond to the Agency goal, "Building sustainable democracies."³⁵ Both USAID goals are repeated as U.S. foreign policy interests and stated in the Embassy's Mission Performance Plan.

SpO7 contributes to the USAID/Morocco strategy goal by expanding the resource base through increased participation of the private sector, local level public health managers and community organizations in the health sector, thus directly working to increase Morocco's capacity for sustainable development.

b. Performance Indicators

The performance indicators at the Special Objective level are:

³³ Projected Figure: SEIS-1997.

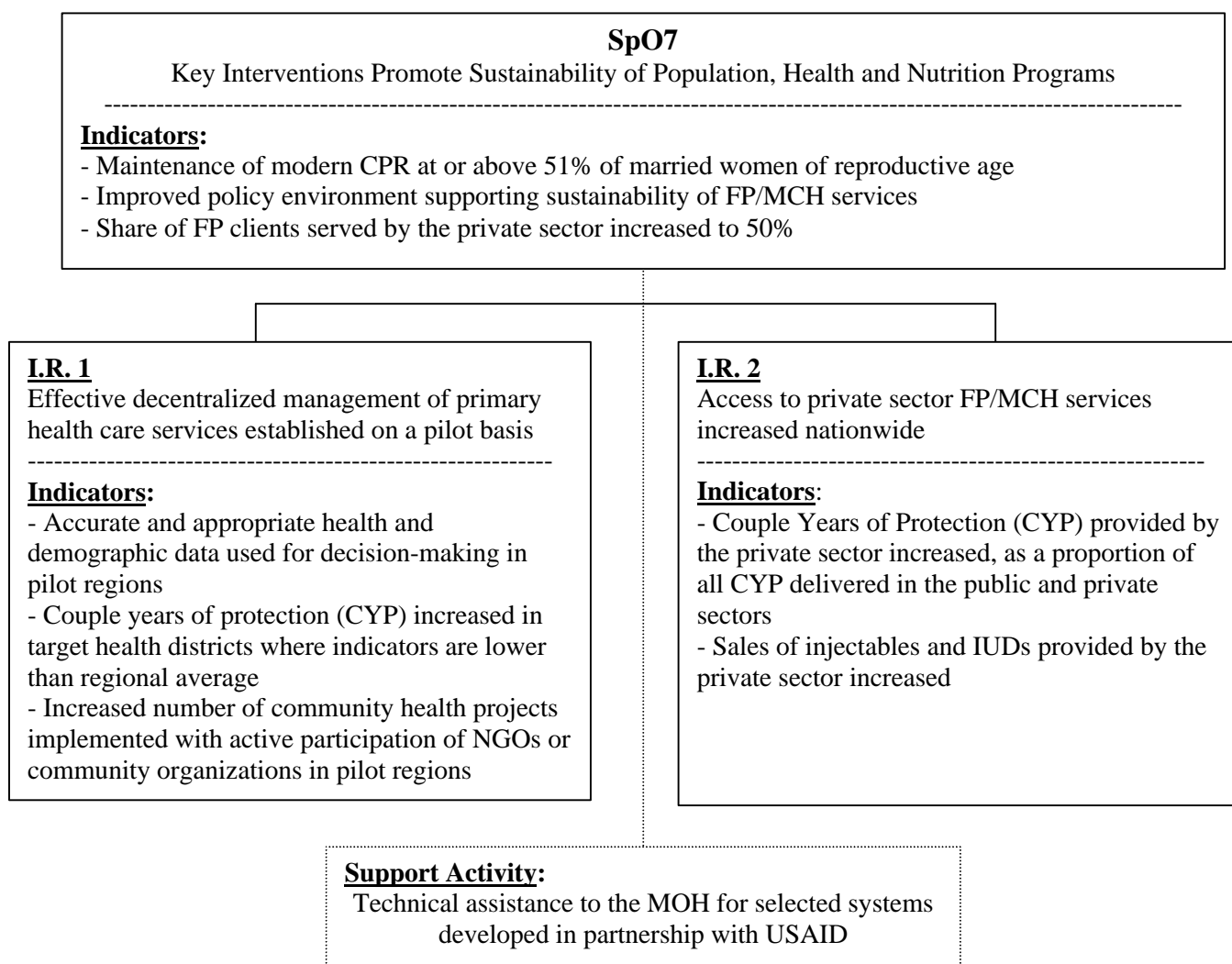
³⁴ 1997: USAID's Strategic Framework.

³⁵ Ibid.

- Maintenance of the modern method contraceptive prevalence rate at or above 51 percent of married women of reproductive age;
- Improved policy environment supporting sustainability of reproductive and child health services; and
- Proportion of family planning clients served by the private sector increased to 50 percent

Contraceptive prevalence is one of the MOH's key national level indicators, and has been used consistently to track the performance of USAID's assistance program. Given the relatively limited nature of the SpO, it is not within our manageable interest to be held accountable for the two other impact-level indicators USAID has reported on in the past -- total fertility rate and infant mortality rate. Nonetheless, USAID/Morocco intends to track changes in all three indicators and will co-finance a Demographic and Health Survey (DHS) in 2002 to provide a basis for reporting against indicators and to validate program approaches.

Figure 6
SpO7 Results Framework



Two other indicators will also track SpO performance. A policy index will report on progress in

addressing key policy issues deemed critical to sustainability and directly linked to interventions that USAID will support in the SpO. These include contraceptive and vaccine financing, deconcentration, and liberalization of the private sector. The sustainability of the program is also inexorably linked to increasing the proportion of clients who obtain services from the private sector. The target of 50 percent has been set by the GOM³⁶ and appears reasonable, since currently the private sector serves only approximately 37 percent of family planning users. The proportion of clients served by the private sector will be determined in the 2002 DHS. Growth in CYPs provided by the private sector, however, will be tracked annually under IR 7.2 and serve as a proxy indicator.

All partners agree that success in achieving targets in these indicators will be a true indication of program sustainability.

c. Intermediate Results

Two intermediate results have been identified as essential to achieve the Special Objective. Under each IR, several activities will be undertaken over the strategy period. In addition, a support activity will be used as needed to consolidate past gains and thus contribute to achievement of the Special Objective.

IR 7.1: Effective decentralized management of primary health care services established on a pilot basis

Performance indicators for this IR are:

- Accurate and appropriate health and demographic data used for decision-making in pilot regions;
- Couple years of protection (CYP) increased in target health districts where indicators are lower than regional average; and
- Increased number of community health projects implemented with active participation of NGOs or community organizations in pilot regions.

In line with GOM national policy, the MOH has taken a leadership role in deconcentration of health services management as an essential step to achieving sustainability. This approach mobilizes local level managers to effectively address significant public health issues, including those related to unmet need and poor access in rural areas. These efforts, however, are less than a year old and many questions are outstanding.

With USAID support under SO1 (USAID/Morocco Country Program Strategy, 1995 – 2000), the MOH has begun to lay the necessary groundwork for more full-scale deconcentration. This experience (currently in five regions) has highlighted the imperative need to build capacity at the local level and to increase the experience of both central and local level managers in management of a deconcentrated system. In addition, the program could be greatly strengthened by increasing the involvement of the private sector, elected officials, other GOM representatives, communities and consumers at the local level in health issues. IR activities will foster linkages between local health officials and the private sector to increase access to quality services, and involvement of local government to improve

³⁶ Ministère de la Santé, “Stratégies de Consolidation des Programmes de Santé Reproductive.” 1998.

financing of health programs. In the “black pockets” or areas of unmet need, where efforts to date have not resulted in significant progress, this IR will support development of community-based strategies, with the involvement of local NGOs and other community groups, to address health issues such as micronutrient deficiencies, care-seeking behavior, and hygiene practices.

USAID proposes working in two regions to improve local level management and develop a model for replication nationwide with GOM or other donor funding. Selection of the target regions will be based on several criteria: they must be areas with a broad range of public health issues, and in a location where USAID/Morocco has already made a substantial investment in the health sector. One region, the Souss-Massa-Draa, has already been selected. This region not only meets the criteria, but focusing health sector efforts in the Souss-Massa-Draa will also increase synergies with other USAID activities in that geographic region. The second region will be selected following further discussion with MOH counterparts.

As the emphasis is on improving management capacity, private-public partnerships, and community participation, activities for this IR will impact more broadly on primary health care as a whole as opposed to USAID's past FP/MCH focus. Similar to previous USAID experience, by the end of the SpO period, this model of local-level management will be documented, and replication of the model will be underway with GOM and other donor funding. This approach can also serve as an important feature to be promoted and replicated in South-South initiatives.

IR 7.2: Access to private sector FP/MCH services increased nationwide

The performance indicators for this IR are:

- Couple Years of Protection (CYP) provided by the private sector increased, as a proportion of all CYP delivered in the public and private sectors; and
- Sales of injectables and IUDs provided by the private sector increased.

Currently, with the exception of oral contraceptive sales through pharmacies, there is no real alternative to public health care for consumers seeking reproductive health services. A private sector capable of providing this alternative will increase the sustainability of the Moroccan program by broadening the resource base and challenging the public sector program to be more responsive to the consumer. In recognition of this, a target of increasing the proportion of family planning services provided by the private sector to 50 percent by 2004 has been established by the GOM. USAID has provided assistance in this area for several years and important progress has been achieved with methods provided by pharmacies. For example, sales of socially marketed condoms and oral contraceptives were fully self-sustaining within three years of launch. Assuring access to long-term methods provided by the private sector has, however, been more difficult. The social marketing of these methods is currently entirely dependant upon USAID funding. With additional limited and focused assistance, the national social marketing effort will be entirely self-sufficient and will include a wider array of methods. To substantially increase the proportion of clients who use the private sector for a range of preventive health services, not only the products but also the services of health providers need to be promoted and recognized as accessible, affordable and high quality. Important new opportunities to address long-standing policy barriers to private sector use have emerged recently, as the MOH confronts its overall health care financing needs and the reality of USAID's phase out of

support for reproductive health service delivery. This new openness is typified in the MOH's recent slogan encouraging “*choice of methods, choice of provider.*” Another aspect of potential private sector involvement in preventive health is food fortification to provide essential micronutrients. Modest USAID support for this effort could result in substantial reductions in micronutrient deficiencies, especially for Vitamin A and, potentially, for iron.

Support Activity: Technical assistance available to the MOH for selected systems developed in partnership with USAID

For the 18 months remaining in the current SO1 program, technical assistance will focus on ensuring that key systems in the MOH, developed in cooperation with USAID, are fully operational and/or ready for nationwide expansion with other partners. These include: a FP/MCH Management Information System, Integrated Management of Childhood Illness, pre-service training, procurement, and logistics systems. USAID anticipates that the MOH will also require periodic access to specialized technical assistance to help resolve problems that arise in the initial years of independent operations. The SpO will allow USAID to respond promptly to requests for assistance, to ensure smooth functioning of systems such as contraceptive logistics that have been developed with USAID support.

d. Critical Assumptions

Achievement of the SpO will only be possible if there is continued support from the highest levels of the GOM for increased empowerment of regional structures, with appropriate delegation of authority, including a deconcentrated, regionally-managed budget, as well as continued liberalization of the private for-profit and non-profit sectors. In addition, the SpO is based on the assumption that the systems developed with USAID financing will continue with minimal disruption following the end of USAID's support to the health sector and that the national budget will finance contraceptive procurement. Equally important is the assumption that USAID will have available the necessary level of resources and management capacity to carry out the activities proposed herein.

e. Links to Other Strategic Objectives

SpO7 will both contribute to and build upon work of other strategic and special objectives. At a macro level, reduced fertility rates are key to environmental resources management, including water. Likewise, clean water and an educated population are linchpins to child survival. Specifically in terms of objectives under this strategy, operational linkages will be the strongest in the pilot regions. An NGO grant program, to help coordinate community-level interventions initiated under the various SOs and provide support to local implementing groups, may be adopted as the ideal mechanism to maximize the potential synergies at the local level. The expanding regional office network of SO5's microfinance activity may serve as venues for the provision of non-financial services such as family planning and AIDS education, environmental health. SpO7 and SO5 will explore opportunities for synergy on the national policy and local practical aspects of encouraging an expanded role and participation of the private sector in MCH/FP programs. SpO7 will also explore with Environment and Urban Programs staff potential opportunities for synergy related to possible use of credit programs in promoting sustainability in the procurement and distribution of contraceptive commodities.

f. Partners

Assuring sustainability of reproductive and child interventions will involve a number of important partners. USAID will continue working closely with the Ministry of Health. At the national level several Directions are closely implicated, including the Directions of: Population; Finance and Plan; Epidemiology; Ambulatory and Hospital Care and Regulations. Other central level partners are the national offices of the professional organizations which represent physicians, pharmacists, nurses and midwives. These groups will be critical to the success of our private sector efforts. Other private sector partners are the pharmaceutical companies and distribution companies closely involved in social marketing efforts.

For our pilot activities at the regional level we will also work with Ministry of Health staff responsible for planning, management and delivery of health services. Other local level partners will include elected officials at the regional and commune level, representatives of other Ministries, for example Social Development, local representatives of the various professional organizations mentioned above, community organizations and local NGOs -- particularly women's associations. Strengthening public-private partnerships may also involve work with various companies and factories, as well as groups implementing activities related to other USAID SOs, for example microcredit lenders.

In addition, other donors will continue to be essential partners as we work to assure the sustainability of reproductive and child health program.

3. Illustrative Activities and Implementation Approach

Implementation of the strategy will occur in two phases. Through December 2000, USAID/Morocco will complete implementation of the current program of assistance with a one year extension to finalize activities under the bilateral agreement and provide a smooth transition into the post-bilateral period. The intention is to maintain the current institutional contractor, John Snow Inc., as the primary implementing agent for the extension activities.

By January 2001, the transition to implementation using Mission OYB primarily as field support to G/PHN central projects will be complete. A limited number of these projects will be involved in order to minimize the management burden in the field. The Mission will likely prepare one or two results packages to provide a more detailed foundation for guiding investments under the two IRs. These RPs will provide the foundation for the establishment of an agreement (e.g., a non-funded special objective agreement, limited scope grant agreement, or memorandum of understanding) with designated MOH and other counterparts at the national and local levels as appropriate, outlining activities to be undertaken and results to be achieved. Should a Mission-wide NGO umbrella grant be selected as a mechanism for community work across SOs/SpOs, a small amount of funding will need to be obligated in the field. Funding for ICASS will also need to be obligated locally or funded by the Global Bureau.

G/PHN projects with a potential role in implementation of SpO7 include: Measure II, Quality Assurance, and Policy for IR 7.1, Commercial Market Strategies for IR7.2, Micronutrient Operational Strategies and Technologies for Vitamin A. The MCH Technical Assistance and Support Contract will be used for the Support Activity. Mechanisms will be established to assure effective coordination among these projects and to minimize costs. USAID will encourage U.S. PVOs working in Morocco

to apply for Bureau of Humanitarian Response child survival grants.

More details are included in Annex E, Illustrative Activities and Implementation Approach.

4. Other Donors

USAID has a long and successful history of collaboration with other donors in the health sector. This will continue under SpO7 to assure a smooth transition away from USAID funding. The EU and UNFPA are our closest partners as we share mutual priorities in reproductive health and decentralization. Both the EU and UNFPA have financed activities originally piloted with USAID funding, including management of sexually transmitted diseases and the introduction of emergency obstetric care. In a number of instances USAID has co-funded activities with these donor agencies. In the SpO period, this trend will continue. For example, both donors are closely following USAID's work on regional management models, as is the World Bank. The EU is also particularly interested in the social marketing program and will likely play a role as the program positions itself to accept other donor funding. The World Bank and the EU are also in the final stages of negotiations of large health sector reform/health financing projects that will make a significant contribution to program sustainability. The work of the World Bank and the EU to improve health insurance coverage will also contribute to USAID's efforts in this area.

All donors are closely monitoring GOM procurement of contraceptives and are considering possibilities for support should government financing be insufficient. USAID/Morocco is now also working with the MOH to explore possibilities for contraceptive financing, including the possibility of a revolving fund or Development Credit Authority loans.

USAID is also working with other donors and the MOH to encourage a more transparent process of donor collaboration led by the MOH. USAID/Morocco is optimistic that the new five-year plan will serve as an ideal opportunity for this to occur. Key players, particularly in the preventive health sector, include UN agencies (UNFPA, WHO, and UNICEF), the World Bank, and bilateral donors such as GTZ, JICA and the French Cooperation. Finally, the health team is also exploring possible roles for foundations in supporting preventive reproductive and child health care in Morocco.

5. Resource Requirements

Program Budget: The required budget for the strategy period is \$13 million, \$1.4 million of which is needed for field support to complete current health program activities. For the SpO, initial estimations indicate that IR 7.1 will be funded at \$5.7 million for activities in the two regions and associated central level policy work. IR 7.2 will be funded at \$4.2 million for all private sector activities. The support activity will require \$1.4 million that includes support for co-funding a DHS in 2002. USAID program support costs, including ICASS, are estimated at \$300,000.

Staffing: USAID/Morocco current health sector staffing includes three OE funded personnel, a USDH HPN Officer, an FSN professional manager, FSN program assistant, and program-funded TAACS, Senior Population Fellow, and two program assistants. By the end of the current SO1 program in December 2000, health sector staff required to manage SpO activities include a program funded Technical Advisor (TAACS) with limited support staff, and one OE-funded professional FSN. The

USDH departure date is currently September 2000, however, given the cutting edge nature of the SpO and the new relationship required with the MOH, USAID/Morocco is requesting that continued USDH support to this SpO be via a General Development Officer (GDO). See Part III, C., Staffing Requirements below for more details.

The SpO7 team includes members from other parts of the Mission. SpO7 core team members will also serve on other Mission teams, in particular the crosscutting themes team. It is also anticipated that USAID/Washington virtual team members, especially from the G/PHN Center will play an increasingly important role as Mission staff is downsized.

SpO8: Increased Attainment of Basic Education among Girls in Selected Rural Provinces

Vision Statement: At the conclusion of SpO8 in 2004, the GOM's Ministry of National Education (MNE) will have a flexible "model" of integrated school, community, and policy level interventions leading to a positive impact on girls' enrollment, retention, and attainment in primary education. The model, referred to as the MEG (Morocco Education for Girls) model, incorporates a monitoring and evaluation system which will help the MNE adopt the model nationally. The model will have been tested first in five pilot sites in rural Morocco and, in the school year 2000/2001, will replicate to sites in a maximum of nine additional provinces, including two provinces in the Souss-Massa-Draa (S-M-D) region.

Moreover, the Morocco Education for Girls (MEG) and Training for Development (TFD) Activities will have built capacity at the provincial and local levels to assist the MNE in devolving decision-making authority to their provincial delegations. The Girls' Education Activity (GEA) will have involved civic society in the MNE's reform of basic education in rural Morocco. Finally, the three activities, with the support of the MNE, will have effected changes in basic education system management at the provincial level, so that provincial and regional MNE staff work more effectively with school personnel to ensure that minimum standards of learning are maintained and that community needs are met. Finally, USAID girls' education programs will have set a precedent for implementing sectorally integrated inputs as well as coordinated donor implementation of interventions to achieve maximum impact.

1. Background, Problem Analysis, and Target Group

a. Background

The economic prosperity, political stability, and democratization process of any country is contingent upon developing its human resource base. Education is central to this process. Morocco's poor social indicators, including illiteracy and primary school completion rates, are due to large disparities between urban and rural areas as well as inequitable access by certain segments of society to resources and services. Morocco can only compete effectively in the global economy if and when it addresses the fundamental weaknesses in its education system.

In 1995, the MNE began developing a strategy to improve primary education in rural Morocco. During this process, it expressed interest in adapting and applying the "American" education experience in its school districts, and requested USAID technical assistance in support of its reform efforts in the form of pedagogical and school-community linkage inputs.

Since 1996, TFD has been conducting a variety of classroom interventions to: a) assess the prevailing obstacles in the classroom to girls' education; b) learn how the Ministry of National Education functions at the provincial level; and c) develop a set of successful inputs to improve the quality of education which the MEG Activity can then build on. MEG was approved in 1996 and development of the MEG model began in November of 1997. Thus far, MEG has continued TFD-initiated work in the classroom and has been tackling the issue of community-school linkages through Parents' associations (APTE) and local NGOs. A monitoring and evaluation system is in place to assess impact

of specific interventions with the aim of fully establishing the flexible MEG model by 2000. A G/WID funded Activity, Equity in the Classroom, delivered training to teachers and inspectors on gender dynamics in the classroom and the role of school personnel in ensuring equitable treatment for both boys and girls.

Finally, the G/WID supported Girls' Education Activity (GEA) began its work plan in early 1997. It has initiated a process for bringing the private sector into public education, provided a support framework for Moroccan NGOs, and undertaken extensive lobbying and advocacy on behalf of the girls' education initiative.

b. Problem Analysis

The MNE's strategy for improving education in primary schools in rural Morocco includes the objective of increasing rural girls' access to primary schooling, since this population is the most marginalized by the system. In 1994, girls' enrollment rate in primary schools in rural areas was 22 percent. This compares unfavorably to their urban counterparts, whose enrollment rate is 80 percent. Constraints to getting and keeping girls in school are many. The opportunity costs for parents who want to send their daughters to school are high since girls are usually responsible for fetching water from far-away water sources, collecting firewood, helping their mothers with household chores, and looking after their younger siblings. If girls do make it to school, they often encounter a hostile environment that discourages them from persisting in their studies. Teachers treat boys and girls very differently in the classroom, to the detriment of the girls and schools lack necessary infrastructure, such as latrines and school walls.

At a higher level, the MNE faces other challenges in achieving its basic education objectives because of :

- an absence of engagement by civic society in the education of rural and poor children;
- indifference in rural communities toward government schools which are seen as imposed entities, unresponsive to the needs and demands of rural life;
- teacher training colleges that produce inadequately trained teachers who are not prepared for life in rural areas;
- a high turn-over rate of teachers in rural areas; and
- a curriculum that has not been revised in ten years, lacks relevance for rural realities, and is not gender-sensitive.

The GOM has been responsive and receptive to USAID's expertise and to the overtures of the private sector as well as NGOs. It appears to have the political commitment to effect change in the basic education system, which is confirmed by the new opposition government. Consequently, USAID/Morocco has committed to delivering a tested educational model, which can be implemented countrywide by the MNE with the help of other donors.

c. Target/Customer Group

SpO8's customers are: (1) the MNE at the central and regional levels, including department chiefs, teachers, school directors, inspectors, teacher training college staff and provincial/regional

representatives of the MNE; (2) primary-school age rural girls and boys, with particular attention focused on the needs of the girl student; (3) rural communities and parents.

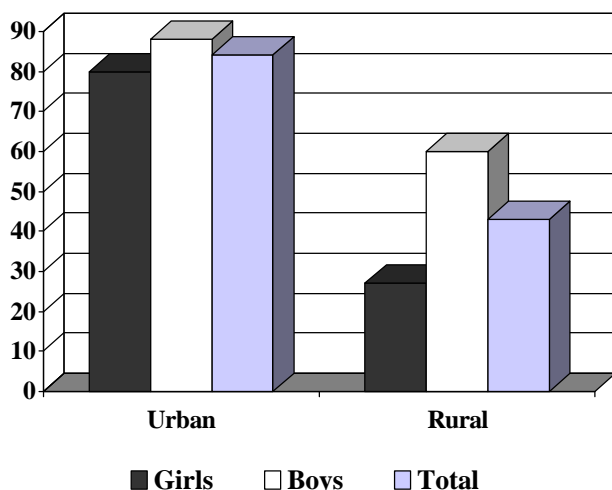
2. Results Framework

a. Link to Agency and Mission Strategic Goals

The objective of SpO8's activities is to increase the attainment of girls in rural areas. Since girls', as well as boys', enrollment rates in rural areas are dismal (27 percent for girls in 1994 – See Figure 7), investing in Morocco's National Education System is key to improving its chances for successful economic development. It is also key for ensuring that this social service delivered by the GOM is equitable and gives all Moroccans the opportunity of an education's long-term benefits.

Figure 7
Primary Education Gross Enrollment Ratios
(Urban-Rural, 1994)

(Source: La Scolarisation des Filles: Etat des Lieux et Perspective d'Actions, 1997)



Activities and programs under SpO8 will contribute to Agency Goal Three: “Building human capacity through education and training” by: improving the quality, delivery, and availability of primary education; empowering and involving rural communities in their children’s education; increasing the involvement and contribution of partners at the national and regional levels to achieving education for all -- especially girls.

SpO8 will contribute to the Mission goal of “Expanded resource base” by improving equitable access to education for the most marginalized population --

rural girls. It will also assist in the “Expanded capacity for sustainable development” by augmenting the decision-making skills of local MNE personnel, improving school directors’ management skills, introducing new teaching practices to teachers and school inspectors, supporting the process of deconcentration to the provincial level, and negotiating new policy reforms at the central level that are advantageous and supportive to girls' education.

SpO8 will contribute to the Mission’s foreign policy interests as stated in the Mission’s Performance Plan, by promoting the long-term goals of broad-based economic growth and democracy (equity).

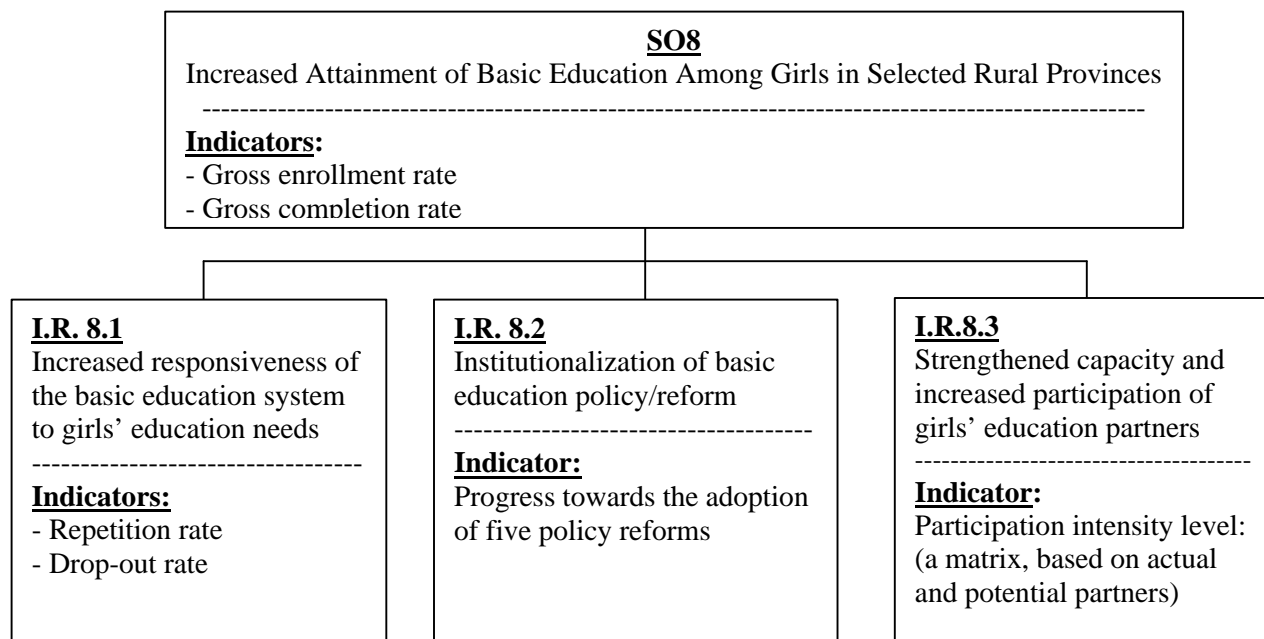
b. Performance Indicators

SpO8's Results Framework was developed and approved in 1997 and reflects the existing management contract. SpO8 focuses on increasing the attainment of girls in selected primary schools in rural areas. The on-going development of the MEG model has revealed the necessity of refining SpO8's indicators. SpO8's indicators for this strategy period will be:

- Gross enrollment rate in selected rural schools
- Gross completion rate in selected rural schools

A Management Information System (MIS) developed under the MEG activity measures the impact of interventions at both the SpO and the IR levels. Data is disaggregated by sex to measure the impact of the integrated model on girls and boys and to track the impact of interventions on these populations. Defining the model is a process currently underway. It involves measuring the impact of each intervention under each IR, comparing interventions' effectiveness in terms of cost and human resource needs, understanding how local culture affects the impact of interventions, and examining the process of choice of inputs and their outcomes. In short, rather than a fixed model, the MEG model is a process that will be replicated. By the end of 1999, the MEG Activity will develop the framework to map out this process and define its parameters, and will subsequently replicate the model.

Figure 8
SO8 Result Framework



c. Intermediate Results

Three IRs capture the impact of a three-pronged program addressing the supply, demand and policy reforms necessary for sustained change in the basic education system. They are as follows:

IR8.1: Increased responsiveness of the basic education system to girls' education needs

Performance indicators for this IR during the period of the strategy are:

- Repetition rate in selected rural schools
- Drop-out rate in selected rural schools

IR8.1 aims to create an enabling environment as a response to systemic, supply-side weaknesses that hinder the participation of girls in the education system. The initial three indicators reported on were: Girls' Attendance Rate, Teachers' Attendance Rate, and Percent of Female Teachers. Data for the first two indicators is unreliable and not monitored for accuracy by the MNE. The third indicator requires a long-term policy dialogue which will not yield tangible results within SpO8's lifetime. Instead, the SpO8 team proposes repetition and drop-out rates as the appropriate indicators since they more precisely measure the impact of interventions for this IR.

Furthermore, SpO8 team's experience in Morocco has demonstrated that specific adjustments in the IR8.1-related component of the MEG model might be necessary to ensure the most efficient and effective use of resources. TFD's pilot experience in teacher training colleges (Centre de Formation d'Instituteurs -- CFI) has been successful in its objectives. MEG involvement in the CFIs of the additional target provinces is under consideration.

IR8.2: Institutionalization of basic education policy reform

The performance indicator for this IR is:

- Progress towards the adoption of five policy reforms (as measured by percentage completion of each objective).

The initial policy agenda was defined in 1996 before any SpO8 activities were implemented. In 1999, based on results from the second year of the MEG model development process and TFD's end-of-project evaluation, the SpO8 team determined that some of the targeted policy reforms were beyond the SpO8 scope and not sufficiently linked to support the development, replication and sustainability of the MEG model. Therefore, the policy objectives have been refined to ensure that they address and redress the obstacles facing implementation of the MEG model within the SpO context and timeframe. The revised key policy objectives are:

MNE System Responsiveness:

- Data Collection System (*carry over*)
- Primary Education Enrollment (*in lieu of Primary Education Budget*)
- Rural Teachers' Development (*in lieu of Rural Teachers' Package*)

Effective Partnership Participation:

- Decentralization (*carry over*)
- Forging Partnerships (*carry over, includes the previously separate objective "Analysis and Advocacy Skills"*)

IR8.3: Strengthened capacity and increased participation of girls' education partners

The performance indicator is:

- Participation intensity level: (a matrix, based on actual and potential partners. Criteria were established to enable a qualitative appreciation of the impact of partners' actions).

The MNE has based its new strategy for rural education on the needs of the local communities, with local communities, local government, local NGOs, and other ministries all mobilized to support their local schools and to assume new responsibilities. IR8.3 aims to assist the MNE in this mobilization effort. Activities under IR8.3 will build broad-based, national-level recognition of the importance of educating girls. All these inputs are directed towards designing a flexible MEG model.

d. Critical Assumptions

The success of SpO8 depends on the following assumptions: 1) MNE's continued commitment to its reform strategy; 2) MNE's progress in delegating authority and decision-making to the provincial level; 3) MNE's determination to improve the personnel status of teachers and school directors in rural Morocco; 4) NGOs successfully operating in a network for mutual support and development; and 5) no major economic or political crisis will occur.

e. Links to Other Strategic Objectives

Other SOs: The impact of girls' education interventions will be augmented by working with the other SOs in an integrated approach, particularly when SpO8 expands to the provinces of Taroudant and Tiznit in the Souss-Massa-Draa region in the year 2000.

Through its community participation activities (IR8.3), SpO8, along with SpO7 (Pop/Health), will be able to help build community social infrastructure in targeted rural areas. This social infrastructure will be achieved by establishing or strengthening parents' associations and local NGOs and building their skills in self-organization and management. Concurrently, SpO7 can contribute to the delivery of health and hygiene interventions to children enrolled in SpO8's target schools.

This same social infrastructure/community framework will enable SO5 (Economic Growth) and SO6 (Water/Environment) to implement some of their activities in rural communities. It will facilitate SO6's task in sensitizing rural communities to the importance of water conservation and management. In addition, through its classroom activities, SpO8 plans to secure Greenscom-type participation to provide educational programs aimed at addressing health, sanitation, and water conservation.

The role of SO6 in the success of SpO8 can be instrumental if potable water were made available in the communities of the target schools as well as in the school itself. Furthermore, extending potable water into communities, will free girls' from hauling water from distant wells and allow them to spend more time at school. These integrated interventions can lead to a greater impact in terms of improving the lives of rural women and children.

f. Partners

SpO8's partners will be the MNE and several local NGOs that will require capacity building through the NGO network. International NGOs are also active in the same pilot regions as the pilot schools. The Near East Foundation is delivering literacy training to women in Ouarzazate province. Catholic Relief Services provides health and sanitation facilities to several communities and their school in southern Morocco.

3. Illustrative Activities and Implementation Approach

The girls' education program is being implemented in twenty pilot rural schools in five selected provinces. Since 1996, SpO8's Training for Development (TFD) activity has been a testing ground for a variety of interventions at the classroom and school levels. The bilateral MEG Activity, which began implementation in September November 1997 as the cornerstone of the Mission's work in girls' education, is building on TFD's experiences. In addition, MEG has facilitated the dialoguing process between the community and the school, so that the former understands the constraints of school personnel and the latter becomes more responsive to the community's needs. TFD's and MEG's interventions are complemented by the Girls' Education Activity (GEA) which works at the national, provincial, and local levels to mobilize decision-makers from a variety of sectors, including the private sector, and to create and implement educational interventions with their own human and financial resources in support of girls' education.

Examples of on-going activities include:

- In-service training;
- Pre-service training;
- Building social infrastructure; and
- Involving other partners.

The TFD project is implemented by Amideast whose contract will end in July 1999. A three-month extension of the contract was approved on March 31, 1999, to allow for the creation of a critical mass at the five pilot teacher training centers. The MEG Activity is implemented by Creative Associates International Incorporated (CAII). The contract is set up in two phases, a three-year MEG model design and test phase 1997-1999 and a two-year model replication phase, which will be extended by one year, provided spending trends allow for such extension. GEA is a G/WID contracted Activity that is implemented in Morocco by Management Systems International (MSI). This contract will run for a period of five years and ends in 2002.

More details are included in Annex E, Illustrative Activities and Implementation Approach.

4. Other Donors

Currently, a number of donors are implementing programs in support of the MNE's strategy in basic education (both in the 5 provinces in which SpO8 currently works and the 9 provinces into which it will expand in 2000). Some international donors operate in several of these provinces, and a few, such as the World Food Program, operate in all 14 USAID-assisted provinces. UNICEF is the only donor

that has an integrated approach to education (integrating work in the education, health, and environment sectors) and that integrates NGOs in program implementation.

The World Bank's Education Loan under the Social Priorities Program also targets the 14 provinces and mainly addresses infrastructure needs such as construction and refurbishing classrooms. SpO8 is currently working to update projections of donors' support to the education sector beyond the year 2000. Since SpO8's pilot programs terminate in 2004, it is necessary that other resources are leveraged to ensure that the MEG model is replicated nationally.

5. Resource Requirements

Program Budget: During the strategy time frame and to achieve its objectives, SpO8 will need to obligate a total of about \$7 million -- \$6 million for MEG and \$1 million for GEA. All obligation will be made from earmarked funds for basic education. An additional \$200,000 will be obligated by G/WID in support of the Equity in the Classroom Activity. In support of strengthening SO6 - SpO8 synergies, SpO8 is considering using technical support through a mechanism like Greenscom, for the development of supplementary teaching materials addressing environmental and particularly water issues. An additional \$250,000 would be required to buy into Greenscom for this purpose.

Staffing: SpO8 technical staff is composed of a senior FSN employee (team leader), an international WID Fellow (this will be a TAACS position as of July 1999), two professional FSNs, and a Secretary. The WID Fellow/TAACS and one of the professional FSNs are program-funded. The program-funded contracts will be terminated in 2001 and 2002 respectively. Contracts of FSN/PSC staff funded by Mission operating expenses will not be renewed beyond March 31 or June 30, 2004, allowing for MEG close-out and wrap-up. Given the cutting edge nature of the SpO, USAID/Morocco is requesting USDH support of a General Development Officer (GDO). See Part III, C., Staffing Requirements below for more details.

PART III: Resource Requirements

A. Program Budget Summary and Preferred Budget Option

Table 1 presents the proposed program budget for this strategy period, which totals \$45 million. This budget is consistent with Bureau guidance provided in State 92399, dated May 22, 1998 (Annex A), and with subsequent clarifying guidance based on negotiation of the FYs 1999 and 2000 OYBs.

Implementation of the proposed strategy will occur over the FY99 – FY05 period, with obligations completed by FY04 to permit timely completion of wrap-up activities. Budgets for FY 2003 and beyond will be the subject of a strategy update that will coincide with the FY 2002 Program Week review of progress.

The Mission believes that this is the minimum level of Development Assistance (DA) funds required to implement a core program in Morocco. Given the nature of our program, the Mission is receptive to receiving funding in all categories, subject to their availability -- e.g., discretionary funding (for all SOs/SpOs); microenterprise funding (for SO5); environment (for SO6); child survival and disease (for SpO7 and SO6); child survival/basic education (for SpO8); and population and health (for SpO7).

In addition to Development Assistance, the USAID/Morocco program expects to participate in two planned ANE regional activities: the Regional Trade and Investment (RTI) Program, which is an integral element in the USG's proposed Eizenstat Initiative discussed in SO5, and the Regional Democracy Fund. Our participation in these programs is part of our broader integration into the U.S. Mission's MPP. The extent to which USAID/Morocco benefits from these programs will be negotiated on an annual basis.

During this strategy period, the Mission will complete work in the two special objectives of health and education. Activities in the strategic objectives will continue until the final year of the strategy period, but obligations for these activities will need to be completed prior to 2005. Thus, by the end of this strategy, the program will have downsized to two strategic objectives in accordance with Bureau guidance.

Preferred Budget Option: As requested, the Mission has developed a high/preferred budget scenario. In this option, the Mission would require a total of \$56.126 million (Table 1) over the strategy period.

In support of crosscutting themes and synergistic activities, the additional funds in this budget (\$11 million) option will enable the Mission to work at two levels to broaden and deepen the impact of the community participation elements of our program. The Mission will concentrate on using both (a) technical assistance to newly created regional structures with a view toward increased planning and implementation capacity at the local level; and (b) NGO grants to operationalize policy reforms at the community level and to leverage other resources in select, target communities. Partners will be individual and regional NGOs, and the regional council and/or other regional entities as agreed upon between SOs/SpOs and the region. While our objective will enhance decentralization and democratic local governance, priority will be given to building capacity at the local level to help ensure that

USAID technical assistance investments are sustainable. We will work with and through local NGOs and community associations in order to further the objectives of all SOs and SpOs. Therefore, each SO/SpO will

contribute to the design and implementation of civil society capacity building and skill development activities in select communities, where sustainable community frameworks can be fostered.

NGO grants could be used to undertake a participatory assessment aimed at identifying community needs as they relate to USAID programs of health, economic viability, education and sanitation. Small grants, where and as needed, in conjunction with NGO technical assistance could be used to assist existing NGOs to better coordinate/manage development activities between their members, the private sector and local government. For example, a community could cite the need to support a local parent-teachers association to better engage its members, such that (a) educational goals are enhanced in schools and reinforced in the home; (b) parents could work to bring potable water and sanitation to a school and into their homes; and/or (c) through the PTA, income generating activities could be supported.

A second focus would be to work closely with regional entities on planning and implementation issues. The regional council and regional agencies can play a leading role in identifying the implications of sectoral policies, which the state is planning to implement. They can also set the basic relationships and balance between economic, social and environmental concerns that will contribute to sustainable development. The powers of both local and regional authorities need to be reinforced if they are to promote initiatives and facilitate the implementation of policies that will lead to sustainable development in their areas. This work would be focused in areas which would facilitate and enhance the work of the SOs/SpOs, and would look to place USAID activities squarely in regional five-year plans by sector and as an integrated development package.

B. Operating Expense Summary

The Mission will be able to cover its operating expenses for FY 1999 at the current level of \$2,800,000 (\$71,000 below requested). With some good fortune, with the implementation of strict cost containment measures, and with the application of the new program *versus* OE funding guidance, USAID/Morocco should be able to live with a “straight-line” OE budget, at least through FY2001. Any savings realized by the reduction of USDH positions, by adherence to new project-funding guidance, along with other cost reductions, will be counterbalanced for the most part by normal increases in FSN payroll costs.

By moving to new space, the Mission will accrue annual savings of \$14,000. Consolidation of USPSC positions within the Management Office beginning in FY 2000 will save approximately \$65,000. With adoption of the new guidance on program funding in FY 2000, the Mission will convert two contract specialists to program funding (\$450,000 over 5 years) and charge support costs, (i.e., rent, utilities, maintenance, etc.) to program-funded employees (\$175,000 over 5 years). These changes will have a cumulative effect over the strategy period of reducing OE requirements by \$1,020,000.

The cumulative effect of annual 5 percent increases in FSN payroll costs over the same period will total \$980,000. This yields a net decrease in OE requirements of \$40,000 over the life of the strategy,

meaning that the Mission will be “walking a tightrope” each year to stay within budget. Any change for the worse in either the rates of exchange or inflation could force the Mission to eliminate discretionary spending, such as training, furniture and equipment purchases, language training, AID/W TDYs, support to AID/W visitors, etc.

Considerable savings will result from the reduction in OE-funded SpO7 and SpO8 FSN staff, but not as much as might be expected, given that, of the 11 employees affected, only 4 are OE-funded.

Furthermore, these savings will not occur until after the strategy period, since severance costs incurred in FY 2004 will offset any savings realized. Beginning in FY 2005, the annual savings in FSN OE salary expenses will approximate \$250,000. Other savings on associated variable expenses will also be realized.

In summary, until FY 2005, when the bulk of any staff cuts will take place, no major OE savings will occur. Although cost reductions will be made during the strategy period, annual pay increases, inflation, ICASS increases, and severance pay, offset any savings realized. The Mission will strive to live and manage with the OE cuts inherent in a “straight-line” budget scenario, but any further reduction of OE resources would seriously inhibit the Mission's ability to function.

Table 1
Program Budget (*with Preferred Option*)
(\$ mils.)

	FY99	FY00	FY01	FY02	FY03	FY04	Totals
SO5, Eco. Growth	2.5	1.0	2.0	2.0	2.0	2.0	11.5
<i>Preferred Option</i>	<i>2.5</i>	<i>2.0</i>	<i>2.5</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>16.0</i>
SO6, Water Mgt.	2.55	3.0	2.0	2.0	2.0	2.0	13.55
<i>Preferred Option</i>	<i>2.55</i>	<i>3.0</i>	<i>2.5</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>17.05</i>
SpO7, HPN	3.55	2.5	2.0	2.0	3.0	--	13.05
<i>Preferred Option</i>	<i>3.55</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>	<i>3.0</i>	<i>--</i>	<i>14.55</i>
SpO8, Basic Ed.	1.526	1.5	2.0	2.0	--	--	7.026
<i>Preferred Option</i>	<i>1.526</i>	<i>2.0</i>	<i>2.5</i>	<i>2.5</i>	<i>--</i>	<i>--</i>	<i>8.526</i>
Totals	10.126	8.0	8.0	8.0	7.0	4.0	45.126
<i>Preferred Option</i>	<i>10.126</i>	<i>10.0</i>	<i>10.0</i>	<i>11.0</i>	<i>9.0</i>	<i>6.0</i>	<i>56.126</i>

Implementation of the proposed strategy will occur over the FY99 – FY05 period, with obligations completed by FY04 to permit timely completion of wrap-up activities. Budgets for FY 2003 and beyond will be the subject of a strategy update which will coincide with the FY2002 Program Week review of progress.

C. Staffing Requirements

There are a number of issues facing the Mission over the strategy period with respect to staffing levels.

The first concerns the Mission's mandate to “focus and concentrate” by reducing its number of programs and activities. In this regard, the Mission has chosen to phase out of both SpO7 (Health/Population) and SpO8 (Rural Girls' Education) activities. During FY 2004, the last year of the strategy period, those activities will terminate and Mission staff from those activities, including program-funded FSNs, TAACS, Fellows, and OE-funded FSNs, will be reduced in number by approximately 11.

The second issue is that of USDH levels. In response to previously recommended staffing levels, the Mission's USDH workforce level (excluding RUDO) may shrink from the current level of 7 to 6 with the elimination of the population/health officer position in FY 2000. Realistically, however, given the unknowns associated with the transition of the Health/Population activities to 100 percent field support, followed by the phase-out of both special objectives by FY04, the Mission must be concerned about its ability to manage those activities. Accordingly, the Mission is requesting that the health/population officer be replaced by a GDO, with particular strengths primarily in education and secondarily in health/population.

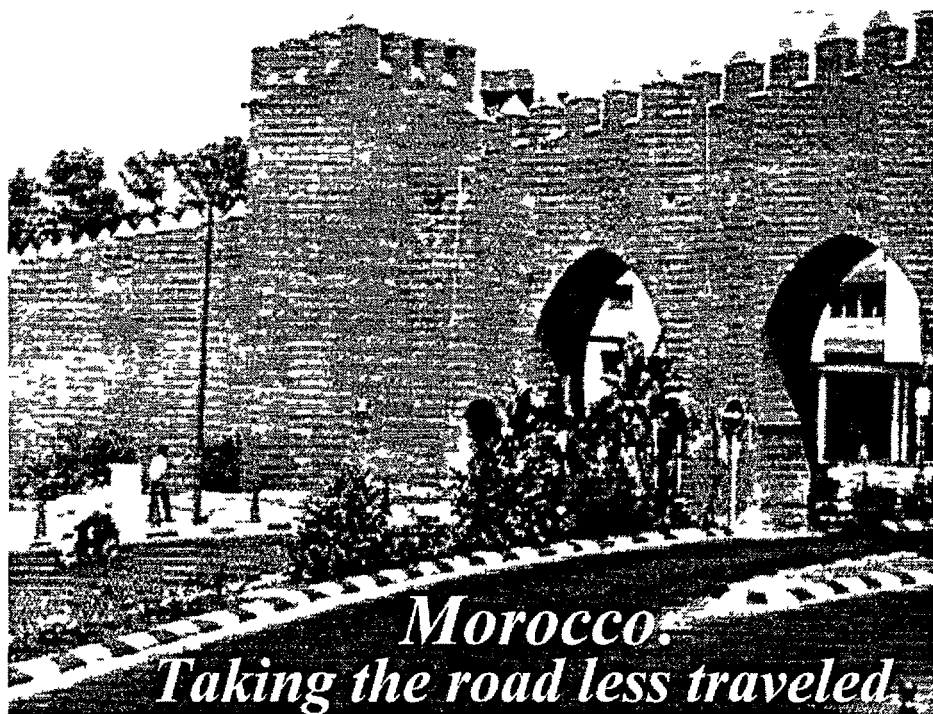
If, beyond FY2000, the Mission were forced to choose between eliminating either the executive officer or the controller positions, the Mission would reluctantly part with the controller position. Faced with this possibility, the Mission has initiated a dialogue with USAID/Egypt concerning its capacity and willingness to provide USAID/Morocco with regional Controller support. It is management's opinion, however, that, given the transitions that will occur during the strategy period, as activities close down and staffing levels reduce, the Mission would be better served, at that time, by its own in-country Controller rather than by regional support, however capable that support may be. Therefore, the Mission proposes that the controller position be extended at least until the end of the strategy period, and that the USDH workforce be maintained at 7 until FY04, when the GDO position would be eliminated.

The third issue is the size of the Mission's administrative staff. In order to support the current programs, it is anticipated that the current level will basically remain the same during the strategy period. The only means to reduce support staff is to enroll in more ICASS services which, analyses to date indicate, would be extremely cost-prohibitive and would result in less service. Support staff reductions may become possible during the strategy period, as the health/population activities become field support activities, and needs become less, but to what extent, if any, is not known at this time. Certainly, when the SpO7 and SpO8 activities close in FY 2004, the Mission will make appropriate reductions in the support staff while ensuring that the needs of the remaining programs are met.

USAID/MOROCCO

COUNTRY STRATEGIC PLAN

ANNEXES



April 1999

**USAID/Morocco
Country Strategic Plan**

Annexes

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ACTION PDI
DUE DATE: 06/03
INFO DIR - SOT
Leaders & OFFICE
CHIEFS - CHRON

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NOVEMBER 1998

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SECTION II PERFORMANCE ASSESSMENTS

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PERFORMANCE SUMMARY SO1 -- REDUCED FERTILITY AND
IMPROVED HEALTH FOR CHILDREN UNDER FIVE AND WOMEN OF
CHILD-BEARING AGE

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4 PERFORMANCE ASSESSMENT

5 SO 1 PERFORMANCE SURPASSED EXPECTATIONS AND IS ON A
SOLID PATH TOWARD ACHIEVING ITS ESTABLISHED FERTILITY
REDUCTION AND HEALTH OBJECTIVES IT IS EXCEEDING THE
SUBSTANTIAL GAINS REFLECTED IN THE PLANNED LEVELS FOR
1997, AND ESTABLISHING PRECEDENT-BREAKING ADVANCES IN
REDUCED INFANT/CHILD MORTALITY AND FERTILITY TARGET
LEVELS FOR INDICATORS WHICH HAD BEEN BELOW PERFORMANCE
WERE REASSESSED AND REVISED AS NECESSARY, MEETING THE
PRINCIPAL ACTION NOTED IN LAST YEAR S GUIDANCE CABLE AT
THE SO-LEVEL, ALL THREE INDICATORS EXCEEDED THEIR TARGETS
BY SUBSTANTIAL MARGINS PERFORMANCE AT THE IR LEVEL WAS
GENERALLY WELL ABOVE TARGET LEVELS WITH NEAR MISSES IN
EFFORTS TOWARDS LESS COSTLY AND MORE EFFECTIVE LONG-TERM
METHODS AND PERCENT OF COUPLE YEARS OF PROTECTION FROM
NON-GOVERNMENT PROVIDERS USAID/W IS PLEASED WITH THE
IMPRESSIVE ACHIEVEMENTS IN FAMILY PLANNING AND CHILD
HEALTH AS RECORDED IN THE 1997 PAPCHILD SURVEY RESULTS AND
FOR WHICH USAID CAN TAKE MAJOR CREDIT

AREAS TO WATCH

- A) THE GOVERNMENT OF MOROCCO (GOM) IS THUS FAR ON TRACK
TO SUSTAINABILITY BY STEADILY INCREASING ITS SHARE OF THE
BUDGET FOR THE PROCUREMENT OF CONTRACEPTIVE PURCHASES SO
THAT BY FY2000, THE MOPH (WITH ASSISTANCE FROM OTHER
DONORS) WILL BE PROVIDING ALL OF THE CONTRACEPTIVES
REQUIRED BY THE PUBLIC SECTOR THE MISSION WILL CONTINUE
TO MONITOR THE GOM BUDGET AND EXPENDITURE PLANS CLOSELY
- B) THE MOPH WILL BE ONE OF SEVEN MINISTRIES TAKING A LEAD
ROLE IN THE GOM S AMBITIOUS PLANS FOR DECENTRALIZATION
THE MISSION WILL CONTINUE TO WORK CLOSELY WITH THE MOPH ON
DECENTRALIZATION IN FIVE REGIONS AS IT HELPS IMPLEMENT THE
FP/MCH PROGRAMS AND VARIOUS POLICY AND BUDGET CHANGES
- C) IR 1 4 2 (INCREASED NUMBER OF PRIVATE SECTOR
PRACTITIONERS PROVIDING MOPH-SANCTIONED FP SERVICES) DID

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NOT REACH ITS TARGET AND THAT IS A CONCERN ENCOURAGINGLY, THE PRIVATE SECTOR SHARE OF CYPs FOR MODERN METHODS SHOWED A STEADY INCREASE THE MISSION SHOULD CONTINUE POLICY DIALOGUE WITH THE GOM TO ADDRESS THE RESTRICTIONS ON EXTENDING ACCESS TO AND USE OF MODERN METHODS VIA THE PRIVATE SECTOR - INCLUDING GENERAL PRACTITIONERS, NGOS AND COMMERCIAL PHARMACIES

AGREEMENT

6 THE MISSION WILL CONTINUE TO WORK WITH THE GOM ON THE TRANSITION PLAN AND POST-BILATERAL ACTIVITIES TO ENSURE SUSTAINABILITY OF THE GAINS MADE TO DATE, THE MISSION PROPOSES AN SPO TO SUPPORT A LIMITED POST-BILATERAL PROGRAM FOR 2000-2004 THIS WILL BE ASSESSED DURING THE STRATEGY PRESENTATION IN NOVEMBER 1998

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PERFORMANCE SUMMARY SO2 -- IMPROVED WATER RESOURCES MANAGEMENT IN THE AGRICULTURAL, URBAN AND INDUSTRIAL SECTORS

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PERFORMANCE ASSESSMENT

7 SO 2 PERFORMANCE MET EXPECTATIONS WITH EXCELLENT PROGRESS IN A NUMBER OF AREAS ALL INDICATORS EXCEPT ONE SHOW PROGRESS MEETING OR EXCEEDING TARGETS THE EXCEPTION IS THE NUMBER OF POOR, URBAN HOUSEHOLD UNITS CONNECTED TO SEWERAGE AND POTABLE WATER THIS IS THE THIRD YEAR IN A ROW THAT THE TARGET WAS NOT MET, DUE TO MANAGEMENT PROBLEMS IN THE RESPONSIBLE NATIONAL AGENCY (ANHI) HOWEVER, THE MISSION INDICATES AS A RESULT OF A RECENT CHANGE IN LEADERSHIP AND IMPROVED ANHI PERFORMANCE, SO-LEVEL URBAN ENVIRONMENTAL SERVICES TARGETS WILL BE ACHIEVED

8 PROGRESS IN WATER POLICY REFORM IN MOROCCO SUPPORTED BY SO 2 CONTINUES TO BE GOOD. PROGRESSIVE WATER PRICING POLICY INCLUDING TARIFF INCREASES HAS RESULTED IN INCREASED REVENUES FOR THE TADLA ORMVAT SO THAT IT MAY

SOON BE ABLE TO OPERATE WITHOUT ANY NATIONAL SUBSIDY. POLLUTER-PAYS PRINCIPLES ARE BEING DEMONSTRATED WITH TANNERS AS PART OF THE WRS PILOT PROJECT

9 PLANS FOR THE DEEPENING INITIATIVE WITHIN A RIVER BASIN APPEAR SOUND BASED ON CURRENT PERFORMANCE THE BASIS FOR THE NEW INITIATIVE WILL BE CURRENT PILOT/DEMONSTRATION ACTIVITIES THAT WILL TEST AND DEVELOP BEST PRACTICES USAID'S STRATEGY OF CLOSE COOPERATION AND COLLABORATION

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WITH OTHER DONORS WILL HELP ACHIEVE THE SO OBJECTIVE OF
SECURING SUPPORT FOR WIDER REPLICATION OF SUCCESSFUL
APPROACHES PIONEERED BY USAID

AGREEMENTS SEE CROSS-CUTTING ISSUE (PARA 21)

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PERFORMANCE SUMMARY SO3 -- EXPANDED BASE OF STAKEHOLDERS
IN THE ECONOMY, TARGETING PEOPLE OF BELOW-MEDIAN INCOME

=====

PERFORMANCE ASSESSMENT

10 SO 3 IS MEETING EXPECTATIONS THE MISSION IS
COMMENDED ON THE STRONG LINKAGES BETWEEN ITS SUSTAINABLE
DEVELOPMENT ACTIVITIES AND THE ADVANCEMENT OF U S
NATIONAL INTERESTS, NOTABLY IN BILATERAL TRADE AND
IMPROVED SAFETY FOR CONSUMERS THERE HAVE BEEN SETBACKS
IN THE URBAN HOUSING ACTIVITIES, JOB CREATION AND HOME
OWNERSHIP OVERALL PERFORMANCE OF THE POLICY MEASURE WAS
STRONG WITH FURTHER PROGRESS ON PRIVATIZATION,
INTRODUCTION OF THE UNIQUE TAX IDENTIFICATION NUMBER AND
SIMPLIFIED TAX REPORTING, AND REDUCTION OF THE TRUCK
EXPORT SURCHARGE

11 AT THE INTERMEDIATE RESULT LEVEL, THERE ARE CONCERNS
BUT PROGRESS ON POLICY REFORMS (IR 3 1) WAS STRONG, THE
MICROFINANCE ACTIVITY IS OFF TO AN IMPRESSIVE START AND
THE EFFORTS TO INCREASE PARTICIPATION OF WOMEN ARE
LAUDABLE THE WORKING CAPITAL LOAN GUARANTEE PROGRAM IS ON
TRACK, AND PROGRESS IN BUSINESS ASSOCIATION DEVELOPMENT IS
GOING WELL USAID/MOROCCO APPEARS TO HAVE RESOLVED
HOUSING ACTIVITY ISSUES AND PUT THIS ONE BACK ON TRACK
THE AGRIBUSINESS ACTIVITY (IR 3 4) APPEARS TO BE EXCEEDING
EXPECTATIONS AS IT ENTERS ITS FINAL MONTHS

12 THE MISSION IS REQUESTED TO DISTINGUISH BETWEEN
PERMANENT AND SEASONAL OR TEMPORARY EMPLOYMENT IN FUTURE
REPORTING ON INDICATOR 3 1 A MINOR DISCREPANCY IN
INDICATOR 3 1'S TARGETS FOR 1996 AND 1997 IS ALSO NOTED

AGREEMENTS

13 USAID/MOROCCO WILL FURTHER CLARIFY ITS PLANS AND
TARGETS IN THE ECONOMIC GROWTH SECTOR IN THE NOVEMBER 1998
STRATEGY ANE AND GLOBAL BUREAUS WILL PROVIDE ASSISTANCE
IN ANALYSIS, PLANNING AND DEVELOPMENT OF A PERFORMANCE
MONITORING PLAN UPON REQUEST

14 USAID/MOROCCO WILL PROVIDE AN INTERIM REPORT AS PART
OF THE NEW STRATEGY ON THE STATUS OF POLICY REFORMS, AND

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ACTIONS INVOLVED IN COMPLETING POLICY INITIATIVES AND
LEVERAGING OTHER DONORS' SUPPORT FOR NEEDED POLICY
CHANGES

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PERFORMANCE SUMMARY SPO4 -- INCREASED REPLICABLE
ATTAINMENT OF BASIC EDUCATION AMONG GIRLS IN PILOT SCHOOLS
IN SELECTED RURAL AREAS

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PERFORMANCE ASSESSMENT

15 THE SPO EXCEEDED EXPECTATIONS ALL RESULTS FOR THE
PREVIOUS INDICATORS HAVE ACHIEVED GREATER IMPACT THAN
ANTICIPATED THE PERFORMANCE MONITORING PLAN HAS BEEN
MODIFIED TO REFLECT CURRENT LOCAL REALITIES AND TO REFLECT
THE TECHNICAL APPROACH OF THE NEW TEAMS THE MISSION
SUBMITTED ITS BASELINES WITH THIS R4 FOR THE 20 PILOT
SCHOOLS, BUT NOT FOR THE CONTROL SCHOOLS IT HAS ALSO NOT
COMPLETED FULL ANALYSIS OF THE DATA COLLECTED

16 IN RESPONSE TO 1997 AGREEMENTS, THE MISSION HAS
ENHANCED AND REFINED ITS EDUCATION SECTOR POLICY AGENDA
AND CREATED A NEW IR TO TRACK IT (IR2) IN ADDITION, IT
HAS PREPARED A THOROUGH R4 ANNEX ON DONOR COORDINATION IN
EACH SECTOR, INCLUDING EDUCATION

AGREEMENTS

17 FOR CLARITY, THE NAME OF THE SPO WILL BE CHANGED TO

- INCREASED BASIC EDUCATIONAL ATTAINMENT AMONG GIRLS IN
SELECTED RURAL PILOT SCHOOLS USING A REPLICABLE MODEL

18 USAID/W APPROVES MOVING THE INDICATOR FOR REPETITION
TO THE SPO LEVEL THE MISSION WILL ALSO INCLUDE AN
INDICATOR FOR MEASURING THE REPLICATION OF THE MODEL AT
THE SPO LEVEL ONLY IF THIS ACTIVITY IS CONTINUED BEYOND FY

2000

19 MISSION WILL REASSESS THE SPO LEVEL TARGETS FOLLOWING
FURTHER DATA ANALYSIS AND WILL SUBMIT REVISIONS OR
CLARIFICATIONS BY MAY 1998

20 THE SPO TEAM WILL REVIEW THE RATIO/PERCENTAGE OF
FEMALE TEACHERS (IR1) AND PROVIDE ADDITIONAL DETAIL IN THE
NEXT R4 SUBMISSION

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CROSS-CUTTING ISSUE AGREEMENT

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21 THE MISSION AGREED TO ADDRESS GENDER ISSUES AND OTHER CROSS-CUTTING ISSUES (PRIVATE-PUBLIC PARTNERSHIPS, DECENTRALIZATION, CIVIL SOCIETY) IN THE DESIGN OF THE NEW STRATEGY DOING SO WILL CREATE THE DATA SOURCES FOR FUTURE DISAGGREGATION OF DATA BY GENDER NOTE THAT IMPROVED REPORTING DID HELP IN THE REVIEW OF GENDER CONSIDERATIONS IN SO3, HOWEVER, DISAGGREGATION OF JOB AND HOME OWNERSHIP INDICATORS BY GENDER SHOULD BE USEFUL IN FUTURE R4S THE MISSION WILL ADDRESS WOMEN'S INVOLVEMENT IN FORMAL AND INFORMAL EMPLOYMENT, ESPECIALLY RELATED TO ITS MICROLENDING AND BUSINESS LICENSING ACTIVITIES, AND WOMEN'S PARTICIPATION IN WATER USE AND MANAGEMENT FOR RURAL, URBAN AND INDUSTRIAL NEEDS IN THE DEVELOPMENT OF THE DEEPENING INITIATIVE

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SECTION III STAFFING AND RESOURCES

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RESOURCES

22 IN GENERAL, THE BUREAU BELIEVES THAT THE RESOURCES REQUESTED DURING THE R4 PERIOD WILL ALLOW EACH SO TO ACHIEVE ITS OBJECTIVES AND TARGETS THERE IS SOME CONCERN HOWEVER, THAT SO2 AND SO3 WILL HAVE INSUFFICIENT PROGRAM RESOURCES TO ACHIEVE THEIR OBJECTIVES AS DESIGNED OR TO INITIATE NEW ACTIVITIES IF ANE PROGRAM LEVELS CONTINUE THEIR DOWNWARD TREND AT CURRENT ANE PROGRAM LEVELS, MOROCCO MAY RECEIVE ONLY DOLLARS 8-10 MILLION ANNUALLY THE MISSION MAY NEED TO CONSIDER POSTPONING THE START OF THE NEW ENVIRONMENTAL INITIATIVE IF FY 1999 LEVELS ARE AS LOW AS FY 1998 USAID/W NOTES THAT THE MISSION HAS MADE A STRONG CASE FOR ADDITIONAL RESOURCES AS OPPORTUNITIES EXIST TO BUILD ON THE SUCCESSES OF THE NEW ENTERPRISE DEVELOPMENT AND MOROCCAN

AGRIBUSINESS PROGRAMS IN THE AREAS OF POLICY AND TRADE WITH THE U S

23 STAFFING GIVEN THE STATUS OF THE STRATEGY

DEVELOPMENT, USAID/W RECOGNIZES THE MISSION'S RATIONALE FOR SELECTING TWO GDO POSITIONS IN LIEU OF TECHNICAL BACKSTOPS WE ARE HOPEFUL THE MISSION CAN RECRUIT SOMEONE WITH SUBSTANTIAL PRIOR EXPERIENCE IN THE ENVIRONMENTAL SECTOR TO PROVIDE MANAGEMENT OVERSIGHT AND GUIDANCE TO THE WATER RESOURCE PROGRAM THIS IS A PIONEERING PROGRAM WITH INNOVATIVE IDEAS AND WILL REQUIRE SOMEONE WITH RELEVANT

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TECHNICAL EXPERTISE, NOT JUST MANAGEMENT EXCELLENCE WE FEEL SIMILARLY ABOUT THE ECONOMIC GROWTH PROGRAM AND HAVING THE IN-HOUSE USDH CAPABILITY IN MICROCREDIT AND MICROENTERPRISE DEVELOPMENT TO ASSIST THE GOM IN CRAFTING AND IMPLEMENTING APPROPRIATE MICROFINANCE LAWS AND POLICIES, ANALYZING CHANGING ECONOMIC AND BUSINESS CONDITIONS, AND TO DEVELOPING APPROPRIATE RESPONSES

OPERATING EXPENSE

24 THE FOLLOWING OE BUDGET ISSUES WERE ADDRESSED

A) ICASS EXPENSES APPEAR TO BE STRAIGHTLINED IN THE OUTYEARS ALTHOUGH STAFFING LEVELS ARE DECLINING THE MISSION REPRESENTATIVE EXPLAINED THAT THE PROJECTED ICASS COSTS PER CAPITA ARE EXPECTED TO INCREASE AS THERE ARE FEWER INSTITUTIONAL CONTRACTORS AND OTHER USG EMPLOYEES AT POST FOR EXAMPLE, THE HEALTH UNIT COSTS PER PERSON ARE EXPECTED TO INCREASE FROM DOLS 1488 IN FY 98 TO DOLS 2519 IN FY 2000

B) ACCORDING TO THE MISSION, ALL COSTS FOR NEW S/W HAVE BEEN BUDGETED FOR Y2K TO MOVE THE MISSION TO WINDOWS 95 AND NT

25 THRESHOLD WHILE USAID/W RECOGNIZES THE DIFFICULTY IN PROVIDING A THRESHOLD ANALYSIS FOR A YET-TO-BE-DEVELOPED STRATEGY, THE MISSION IS REQUESTED TO SUBMIT BY MID-MAY AN ANALYSIS BY SO THAT SHOWS THE IMPACT THAT REDUCTIONS IN RESOURCES (OE, PROGRAM OR STAFF) WILL HAVE ON ACTIVITY RESULTS

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SECTION V STRATEGY PREPARATION

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PARAMETERS FOR THE UPCOMING STRATEGY

26 DUE TO CONTINUALLY SHRINKING DA RESOURCE LEVELS, USAID/MOROCCO IS DOWNSIZING ITS PROGRAM AND ITS PRESENCE YEARLONG COLLABORATION BETWEEN THE MISSION AND USAID/W WILL CULMINATE IN THE PREPARATION OF A NEW STRATEGY, WHICH WILL BE SUBMITTED IN NOVEMBER 1998 BESIDES AGREEMENTS MENTIONED ABOVE, THE FOLLOWING PARAMETERS ARE INTENDED TO HELP THE MISSION DEVELOP A NEW COUNTRY STRATEGIC PLAN THE MOST CRITICAL TENET IN SHAPING THIS STRATEGY IS FOCUS AND CONCENTRATE, RECOGNIZING THAT THE BUREAU IS IN A RESOURCE-SCARCE ENVIRONMENT AND THAT THERE ARE CLEAR EXPECTATIONS THAT THE MOROCCO PROGRAM WILL HAVE FEWER ACTIVITIES IN FEWER SECTORS IN THIS NEXT PHASE

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27 STRATEGIC PLANNING INVOLVES CHOICES AND TRADE-OFFS, WITH RESULTS AND WITH RESOURCES RATHER THAN MANDATE A RIGID PLANNING FRAMEWORK, WE AGREED TO ALLOW AS MUCH FLEXIBILITY AS PRACTICAL, GIVEN RESOURCE LIMITATIONS AND THE NEED FOR A MORE NARROWLY FOCUSED PROGRAM IN THIS OPTIC THE MISSION AND ITS PARTNERS WILL DEVELOP TWO PROGRAM-BUDGET SCENARIOS LOOKING AT THE FIRST YEAR OR TWO OF FUNDING, ONE REPRESENTS A HIGH SCENARIO OF ABOUT \$10 MILLION, AND THE OTHER A LOW SCENARIO OF ABOUT \$7 MILLION BOTH WOULD INITIALLY INCLUDE FUNDING FOR HEALTH AND BASIC EDUCATION ACTIVITIES, TARGETED AROUND \$2.5M AND \$2M, RESPECTIVELY, AND DISCRETIONARY FUNDS -- A MAXIMUM OF \$6 MILLION ANNUALLY FOR THE HIGH AND \$2.5 MILLION FOR THE LOW

NOTE

-- THE DIFFERENCE IN DISCRETIONARY RESOURCES WILL SHOW CLEAR TRADE-OFFS AMONG ECONOMIC GROWTH, WATER RESOURCE, AND DEMOCRACY/GOVERNANCE ACTIVITIES AS THE MISSION CONSIDERS ITS OPTIONS, WE ARE EXPECTING A CLEAR PICTURE OF PRIORITIES, AS WELL AS THE RESULTS GAINED AND RESULTS LOST OVER THE LIFE OF THE STRATEGY

-- THE EMPHASIS ON INITIAL YEAR FUNDING IS BASED ON THE EXPECTED GRADUAL DECLINE IN ACTIVITIES AND RESOURCES OVER THE PLANNING PERIOD THE RESULT WILL BE A PROGRAM REDUCED TO NO MORE THAN TWO STRATEGIC OBJECTIVES BY FY 2004, OR SOONER WHILE THERE IS NO A PRIORI TIMEFRAME FOR THE REDUCTION, WE WILL BE LOOKING CLOSELY AT THE PROPOSED PHASING

-- PROGRAM INTEGRATION AND SYNERGY SHOULD BE THE HALLMARK OF BOTH SCENARIOS THERE IS NO QUESTION THAT CROSS-SECTORAL LINKAGES WILL YIELD HIGHER IMPACT, WHICH IS

MOST DESIRABLE GIVEN OUR RESOURCE CONSTRAINTS

-- BESIDES INDICATING LEVELS OF PROGRAM RESOURCES, EACH SCENARIO SHOULD SHOW APPROPRIATE STAFFING AND OE LEVELS OVER THE COURSE OF THE STRATEGY WE WILL PAY PARTICULAR ATTENTION TO THE MISSION'S REQUEST FOR AN ADDITIONAL USDH IN FY 2000 ONE OPTION TO CONSIDER WOULD BE TO RETAIN OR DELETE THE IN-HOUSE EXO/CONT FUNCTIONS IN THE OUTYEARS

28 USAID/W AND THE MISSION ARE PARTNERS IN DEVELOPING THIS STRATEGY, WITH EXPECTATIONS THAT WE WILL ALL BE PART OF THE SAME STRATEGIC OBJECTIVE TEAMS AND MAINTAIN CLOSE COMMUNICATION THROUGH THE STRATEGY PREPARATION PERIOD THE BUREAU RECOGNIZES THE DEMANDS THAT PREPARING THE NEW STRATEGY WILL PLACE ON STAFFING, WE GIVE HIGH PRIORITY TO

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PROVIDING ASSISTANCE THE MISSION WILL CONTINUE ADVISING THE BUREAU OF ITS NEEDS AND TIMING SO AS TO PERMIT MAXIMUM RESPONSIVENESS AREAS WHICH THE MISSION IS LIKELY TO NEED SPECIFIC ASSISTANCE FROM USAID/W INCLUDE

-- FACILITATION ON CROSS-CUTTING THEMES (THROUGH MSI IN MAY)

-- DG ASSESSMENT AS POSSIBLE CROSS-CUTTING THEME (G/DG IN MAY)

-- URBAN ASSESSMENT (G/ENV/EUP, IN JUNE)

29 THE MISSION AGREED TO PRESENT A MORE PRECISE PLAN FOR STRATEGY DEVELOPMENT AND ANY OTHER REQUIREMENTS FOR USAID/W ASSISTANCE BY MID-JUNE IT WAS ALSO AGREED THAT A BRIEF MID-TERM REVIEW OF THE DRAFT STRATEGY, NO LATER THAN SEPTEMBER, WOULD BE BENEFICIAL FOR ALL PARTIES

30 ON FORMAT, THE CSP SHOULD CONFORM TO THE OUTLINE AND CONTENTS OF STRATEGIC PLANS GIVEN IN ADS E201 5 10 ON THE HELPFUL HINTS SIDE, A GOOD STRATEGIC PLAN SHOULD

-- FIT WELL WITHIN OUR MOTHER PLANS , TARGETING THE RELEVANT GOALS, NATIONAL INTERESTS, AND OBJECTIVES OF THE INTERNATIONAL AFFAIRS STRATEGIC PLAN AND THE USAID STRATEGIC PLAN,

-- REFLECT THE DEVELOPMENT GOALS AND PRIORITIES OF THE MOROCCAN PEOPLE, ENSURING THAT THE STRATEGY IS MOROCCAN-DRIVEN AND MOROCCAN-OWNED,

-- HAVE A VISION THAT CONVEYS CLEARLY AND SUCCINCTLY HOW MOROCCO WILL BE DIFFERENT X NUMBER OF YEARS FROM NOW AS A RESULT OF USAID ASSISTANCE,

-- HAVE CLEAR AND RESULTS-ORIENTED OBJECTIVES, REFLECTING WHAT THE PROGRAM MUST DO TO ACHIEVE THE VISION,

-- HAVE A CLEAR AND ECONOMIC SET OF PERFORMANCE MEASURES TO TRACK PROGRESS, USING ONLY THOSE MEASURES THAT BEST INDICATE WHETHER THE PROGRAM IS MEETING ITS OBJECTIVES,

-- HAVE ACCESS TO DATA AND INFORMATION THAT ARE RELEVANT, RELIABLE, OBJECTIVE, AND TIMELY, AND WHICH ARE REFLECTED IN THE STRATEGY,

-- REFLECT COORDINATION WITH OTHER PARTNERS IN WAYS THAT COMPLEMENT AND REINFORCE, NOT DUPLICATE, THE WORK OF

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OTHERS ENGAGED IN SIMILAR WORK AND SEEKING SIMILAR
RESULTS, AND

-- BE USER-FRIENDLY AND FIT COMFORTABLY IN THE PALM OF
ONE S HAND AS A CONCISE, STAND-ALONE, ONE-VOLUME DOCUMENT
IN THIS REGARD, WE SUGGEST THAT THE DOCUMENT BE LIMITED TO
40 PAGES, INCLUDING TABLES AND ANNEXES

31 PLEASE REFER ANY QUESTIONS ON THE DEVELOPMENT OF THE
STRATEGIC PLAN TO ANE/SEA

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B**Annex B****Summary of Consultation Exercises**

1 Environment/Water Visioning Retreat	4/97
2 Washington Review Team Visit and Report	9/97
3 Endorsement of Environment/Water "Deepening Initiative"	12/97
4 Population/Health Strategy Retreat	1/98
5 Study on USAID Assistance and Donor Coordination	2/98
6 Capital Markets Study (CDIE)	3/98
7 Environment/Water Strategy Retreat (Tadla)	4/98
8 Business Support Services Impact Assessment	5/98
9 Mission Strategy Retreat (E Comstock)	5/98
10 R4 reporting and parameters cable	5/98
11 Democracy/Governance Assessment of Morocco	8/98
12 Decentralization study	8/98
13 Urban Development Assessment	9/98
14 Environment/Water Strategy Retreat II (Rabat)	9/98
15 Mission Performance Plan Retreat (Tangier)	9/98
16 Mid-course Strategy Review	9/98
17 Workshop on Family Planning Consolidation Strategy	9/98
18 Workshop with Environment/Water Partners (G Frelick)	10/98
19 Mid-Course Review with ANE (J Breslar)	10/98
20 Second Mission mid-course review	10/98
21 Population/Health Partners meeting	11/98
22 Virginia Seitz TDY on WID issues	11/98
23 Privatization Study (Phase II)	11/98
24 Strategy Development Assistance II (G Slocum)	11/98
25 Investor's Roadmap Presentation to Partners	12/98
26 Activity Implementation Reviews (AIR)	12/98
27 Strategy review with AA Bob Randolph	3/99
28 R4 2001 submitted to USAID/Washington	4/99
29 Strategy submitted to USAID/Washington	4/99

USAID Assistance and Donor Coordination in Morocco

Helen E Soos, February 1998

PRINCIPAL FINDINGS**1 General**

The United States assistance program (USAID) is getting progressively smaller in size and scope, but by using its comparative advantages, it can leverage its assistance to enhance the effects of its programs by working closely with other donors and partners in similar, complementary areas The volume of the USAID program is a fraction of those of the major multilateral and bilateral donors, yet through the quality of its technical assistance, research and pilot activities, training and field presence, its results have gained acceptance, and been replicated in other programs The continuing success and impact of the future USAID program depend upon enhancement of the partner relationships and identification of common approaches with other donors

2 Comparative Advantages

USAID/Morocco's comparative advantages lie in "creative reflection," systemic analysis, institutional approaches, diagnostic research, and state-of-the-art innovations These identified areas of the Agency's strengths build on the previous theme to select those areas in which the Mission program can maximize its impact and influence analysis which is not just technical but also "systemic", meaning contextual and multi-disciplinary, taking into account institutional, economic, social and political constraints

3 Economic Growth

A Focus on continued policy reforms in support of micro-enterprise, but more generally to support an improved enabling environment for business The report points out that businesspeople surveyed in 1993 listed bureaucratic red tape as the eighth impediment in order of importance hindering their ability to start and operate In 1998 a similar survey revealed that red tape had become the primary obstacle "USAID should continue to strengthen advocacy for a better business environment, to level the playing field, and to make Morocco a more attractive economy for investment USAID interventions are most likely to succeed if the policy/institutional analysis and reform proposals proactively engage key donors in defining priorities as well as carrying out activities Key players include GOM officials, NGOs dedicated to policy reflection, private professional associations, think tanks, university professors, and other donors Some key players should be involved in seminars to debate findings and discuss policy implications There is a need for a 'Board of Director's'-type consultation and coordination with key donors who are challenged to support continued 'structural adjustment' e g , the EU and the World Bank, so that USAID-supported studies target areas of common concern and prioritization " (p 37)

In terms of continued work on policy reforms, the SO team will have to focus on a few clear objectives. Some will be existing policy areas that have not yet been fully approved or begun implementation such as micro-finance, small-business policy unit, and the private-public legal framework. Another area of continued significance is the General Confederation of Moroccan Enterprises (CGEM) whose important advocacy and lobbying roles vis-a-vis the GOM to improve the climate for business activity make it a key partner with which USAID will continue to work.

B Micro-finance activity (MFA) will not pull people out of poverty. Therefore, the Country Strategic Plan (CSP) should promote linkages between MFA entrepreneurs and their progression to small-business status (p. 37). This raises a significant area of debate for the Mission: should the Economic Growth Strategic Objective confine its focus to disadvantaged Moroccans, or should it also include as beneficiaries those of lower-middle income? This finding argues convincingly in favor of a wider group of beneficiaries. The desired result is to open up and expand the middle class (albeit the lower levels of the middle class), which gets at the equity issue. Therefore, the SO team presently recommends that the Strategic Objective not be limited exclusively to the "disadvantaged" but also include small and perhaps medium-sized enterprises with both private- and public-sector entities playing a crucial role in improving the enabling environment: policy makers and government employees, along with the CGEM, who are charged with improving the environment for business development and expansion.

C Given the significant impact of home ownership on the lives of poor Moroccans, the future EG program should consider integrating this aspect into its Results Framework. "Consideration should be given to focusing additional attention on the financial dimensions of urban housing. Perhaps reintegrating all aspects of the urban environment program into one SO would help to maintain focus on these areas." (p. 38). (See also the recommendations of the Urban Development Assessment.)

4 Water/Environment

The proposal "to integrate all SO 2 elements into a focus area such as a river basin constitutes a sound strategic approach, provided that adequate attention is factored into urban environment aspects of the current SO." (p. 38).

5 Population/Health

"The transition plan for SO 1 provides a sound direction for future strategic interventions in specific activities in a sustainable manner. USAID's greatest comparative advantage has been the development of systemic institutional frameworks for sustainable activities, with supportive policy and administrative environments. Consideration should be given to broadening and deepening USAID support for strengthening the policy and institutional framework for health interventions that are consistent with its past focus. USAID's comparative advantage has been in the transfer of new approaches, state-of-the-art technical and management innovations and systemic approaches that draw upon USAID's worldwide experience. There will continue to be a need for these types of innovations and for focused

policy/institutional reforms to forge ahead in the areas where USAID has made such important inroads " (pp 38-39)

6 Girls' Education

The activity emphasizes a pilot approach, based on a systemic view of basic education, taking both demand and supply into account. The MEG (Morocco Education for Girls) model is an integrated one. " **no strategic adjustment is recommended in this area**" (p. 39)

Annex C-2

Democracy Assessment of Morocco Management Systems International (MSI) Guilain Denoeux, August 1998

Principal Findings

- 1 **Emerging Consensus** Though a highly-centralized, monarchical system of government, Morocco has clearly opened itself up to gradual democratization in many ways, progressing "astonishingly" farther than at any time in its history The promise of a more progressive, civic-minded polity with improving attitudes towards human rights and self-expression, decentralized authorities and a liberalized economy offers substantial opportunities for the country Legal and institutional changes in the past 10 years clearly evidence the trend which accelerated in 1997 with the election of an opposition government "Morocco's greatest political achievement during the 1990s has been the crystallization of a general consensus over the nature of the political framework appropriate to the country and over the rules according to which the political game should be played " (p 17) These trends are all positive, but the question is can they be continued, expanded and sustained?
- 2 **Role of the King** Political power has gradually shifted from the sovereign to the government, but at a pace determined by the sovereign, who remains the supreme arbiter of the state and the head of its three branches of government Progressive moves by the King since 1990 have been met by a willingness of the opposition parties to accept the centrality of the monarchy in the country's political system
- 3 **The Government** " the task of the new government is not to restructure the present socio-political and economic order along radically different lines, but to manage the existing society and deepen the reforms that have been put in place during the 1990s so as to both respond to the population's aspirations and enable the country to meet the challenges of the next century " (p 25)
- 4 **The new government has widespread support** But historical political apathy and a widely dispersed array of political parties, many prone to vote buying, are realities that the new government must address Efforts to empower local government and private organizations to take an active part in the political process must deal with a widespread cynical disbelief that the changes are (1) genuine, and (2) will improve their lives Voter turnout in recent elections has been low 58 percent in the November 1997 elections compared with 63 percent in the June 1993 elections It will take time to lay the institutional base required to raise the level of confidence among the population and overcome their cynicism Two key institutions contributing to the process will be parliament and the judiciary
- 5 **Constraints facing the government** The political coalition is fragile The various parties have different degrees of commitment to the new government (p 47) Many of the new ministers, having been in the opposition and, in some cases, living in exile for many years, do not have public-management experience, making them "ill-prepared to

assume the responsibilities of government" (p 45) Furthermore the economic and social problems besetting the country are daunting 13 percent of the population is beneath the poverty line 55 percent of the population is illiterate 18 percent is unemployed Strangely higher educational levels mean higher unemployment rates "the unemployment rate is only 5 percent among illiterates and 12 percent among those who do not have degrees but it is about 15 percent among literate people and around 30 percent among those with university degrees " (p 48) "The resulting discrepancy between needs and means -- between what is required socially economically and politically and what is feasible from a macro-economic perspective -- represents a significant constraint on Morocco's democratization experiment " (p 48)

- 6 **Courts and the judicial system** Major problems abound here, and these have a major negative impact on how Moroccan society arbitrates disputes "Everyone it seems is complaining about the insufficient capacity of the justice system and about the fact that legal rules are not implemented in a fair, impersonal and consistent manner " (p 26) From top to bottom the judicial system suffers from cronyism, inadequately trained magistrates and susceptibility to inappropriate influence on court decisions Much remains to be done to develop a level playing field and to begin to convey to the population a sense of fairness in the court system Reforms and improvements are a sine-qua-non for rule of law, and this widespread deficiency directly affects attitudes and operations of the private sector "Fortunately the regime appears to have understood that Morocco will not be able to compete in the global economy in the absence of drastic improvements in the administration of justice the new government has made it clear that it intends to make the strengthening of the rule of law and the streamlining of the justice system a priority in its government (p 27)
- 7 **Public Administration** In the case of public institutions, "this obstacle (their poor functioning) is widely recognized by Moroccans themselves, for example, entrepreneurs frustrated by the slow, non-transparent, and unpredictable ways of the bureaucracy All major donors, most prominently the World Bank, have highlighted the gross inefficiency of a public administration that remains excessively centralized, employs far too many people is marred by absenteeism, nepotism and corruption, is extremely slow and cumbersome and features numerous agencies that are no longer called for " (p 42-43) "Worse still, administrative behavior appears to be deteriorating instead of improving, as suggested by a comparison of two sets of surveys carried out by the World Bank in 1993 and 1998 These surveys asked entrepreneurs responsible for firms with more than 100 employees to identify the most severe problems that they face in their daily activities In 1993, the behavior of the administration ranked as the number-eight problem By 1998, it has risen to number one It is not surprising that administrative reform is more than ever seen as a priority But the task is immense, and the failure of previous attempts at administrative reform is not encouraging " (p 43)
- 8 **Corruption and Transparency** "The lack of transparency in economic transactions is also a major problem Both the World Bank and the General Confederation of Moroccan Enterprises (CGEM) have repeatedly identified it as a major obstacle to the

country's development In a survey of some 300 major investors conducted for the weekly *L'Economiste* in 1998, the absence of a level playing field among economic actors, combined with the perceived need to resort to bribery to facilitate transactions, were identified as primary complaints of entrepreneurs " (p 27) The new government, consisting largely of former opposition leaders, is committed to reducing corrupt practices The CGEM has established an Ethics Committee, and a number of NGOs have been set up to promote transparency

- 9 **Improved Governance** The constitutional and institutional changes in recent years have improved governance by bringing public institutions closer to the people The creation of consultative and regional councils and parliamentary reforms have been significant steps The parallel growth of civil-society organizations has played an important role "The spectacular development of civil society since the mid-1980s has also contributed to improved governance In virtually all key social and economic areas--health, education welfare, the fight against poverty and marginalization, rural development, the promotion of small- and medium-sized firms--NGOs have appeared to deal with problems for which the state cannot or will no longer assume primary responsibility " (p 41) But the functioning of these institutions and groups is far from perfect because of inadequate experience and training of their staffs
- 10 **Competition and Pluralism** The unprecedented opening of Moroccan society in the 1990s has found many avenues of expression political parties, the press, civic NGOs, human rights organizations, advocacy groups, etc However, there are limits to these achievements "First, the practice of vote-buying remains pervasive, particularly during local elections elections are still the object of various forms of manipulation the government controls the two Moroccan TV stations important legal limits on competition persist The Press Code has not kept up with democratic changes It still empowers the government to instruct journalists not to report on certain topics, to seize publications it deems offensive, and to order the indefinite suspension of a publication The Associations Law is also very restrictive No association is legal until it notifies the Ministry of Interior of its formation, turns in the required constitutive file, and, most importantly, obtains a certificate to that effect " (p 34)
- 11 **Civil Society** Development of civil society through NGOs and other advocacy groups is an indispensable component of Morocco's democratization process Accompanying measures to decentralize government authorities and devolve more power to the regions is underway, and USAID may find opportunities to support this trend through its policy reform and development activities in Water/Environment and Economic Growth No direct support in these areas should be a central focus of the CSP but a future strategy should assess possible opportunities
- 12 **The Economic elite and the beginnings of a middle class** "The distinction between the economic and the political elite is often blurred " (p 60) This group, consisting of just a few families, became increasingly dominant in Morocco's economic (and public) life in the 1970s and on into the 1980s However, with structural adjustment reforms, a class of

entrepreneurs running medium-size enterprises has become slowly influential. Their increasing strength has been consolidated in the CGEM, which is now a "key actor in Morocco's political and economic reform process--one the government cannot afford to ignore " (p 61). The CGEM signed a "gentleman's agreement" with two of the country's three major labor unions in 1996, thus expanding its influence. Given the enormous problems and inefficiencies in public administration (see item 7, above) the CGEM is pushing hard for public administration reforms, both in the executive branch and in the judicial system. It is also marshalling training resources to entrepreneurs in modern management skills.

- 13 **Small-scale entrepreneurs** "Many of them (small-scale enterprises) will not be able to survive the enhanced competition resulting from the implementation of the free-trade agreement with Europe " Small enterprises, usually employing about 10, have narrow profit margins. These constitute a major element of the non-agricultural economic sector of Morocco. "They lack the required capital, management skills, and access to the political centers of decision. To the extent that those employed in this sector have political preferences, they lean predominantly toward the parties of the *kutla*, which form the backbone of the current government. However, these constituencies are also generally traditionalist and socially conservative. Should they be threatened with further economic marginalization and possibly disappearance, they could become receptive to the appeal of Islamic fundamentalism. That danger should not be downplayed " (p 50)
- 14 **Women and youth** These are the two most disaffected groups in Moroccan society. Youth see the political leaders as old, ossified and no longer relevant to the problems they see affecting their future: education, jobs, economic growth. Women play a minor and subordinate role in public life. There are no female ministers, no female governors (of 60) and only two women in the 325-member Chamber of Representatives and two others in the 225-member Chamber of Councilors. (In the November 1997 elections for the Chamber of Representatives, only 69 women out of 3,329 candidates competed. On the positive side, the number of women candidates is increasing, but slightly, and "scores of associations are now pushing for improvements in women's rights " (p 40)
- 15 **Report Recommendation** USAID/Morocco should develop a Special Objective (SpO) for a Rule-of-Law (ROL) program. Along with other donors, U.S. support to help Morocco stay on the right path is critical to help Moroccans consolidate their democratic achievements to date, accompanied by economic and social progress as measured by reduced poverty, improved literacy and health, a reduced population growth rate, a growing middle class, and increased economic opportunities to meet the global economic challenges of the next century.

Annex C-3

Business Support Services Impact Assessment

Chemonics International, Inc , NED, Joel Antal and Jim Catoline
May 1998

Background The New Enterprise Development (NED) program seeks to reduce constraints to new-business creation and facilitate expansion of existing small businesses. In support of this goal, the Business Services Support (BSS) component of NED is strengthening the quality and efficiency of consulting and training firms whose business is to improve the operations of existing small enterprises, and to provide assistance to new ones.

Beneficiaries There are two levels of people benefiting from BSS: (1) the consulting and training firms supplying services, skills and encouragement to small businesses, and (2) low-income small businesspeople and employees who obtain services from the firms.

Principal Findings

1 Results justified program The two-year experience of BSS reveals that the investment has paid off in terms of improved consulting and training services, and cost-effective benefits to the service firms and small businesses surveyed (all attributable to BSS).

Small-business clients The 36 new small businesses receiving assistance generated \$7.7 million in new and increased investment, created 417 more jobs, and had \$8.7 million of revenues in first-year sales. 481 individuals received training among a series of 32 sessions on various topics, from management techniques to hands-on skills in such areas as accounting, developing business plans, and marketing.

Consulting services Two new consulting firms employing 23 people were created, bringing the total receiving NED assistance to 61. They completed 90 studies for clients. Of the 25 consulting firms interviewed, 84 percent have increased their marketing efforts, 64 percent have improved their operational efficiency through reorganization, increased staff, new equipment, or modern management techniques, 60 percent have increased sales and profits, 44 percent offer more training to employees, and 28 percent have added staff (p. 9).

Training firms Of the 12 training firms reviewed in the survey (of 23 receiving NED assistance), 69 percent have transferred training techniques to small-business owners and employees, 62 percent have increased their understanding of their clients' training needs, 54 percent have improved their organizational efficiency, and 46 percent have improved teamwork (p. 14).

Return on project investment The \$1 million cost of the BSS activity has yielded nearly \$9 million of new investments by and in small enterprises \$11 million projected first-year revenues, 627 new jobs, and 75 new enterprises (p 3)

2 Impressive macro-economic impact the assessment estimates conservatively that the impact of NED activities over five years will yield a total of \$130 million in increased investments and revenues (p 20)

3 Proven sustainability The report defines sustainability as "partners and beneficiaries reaching a critical threshold of activity, measured in terms of quantifiable desired impact beyond which donor assistance becomes unnecessary" It analyzes the conditions needed to create the threshold then identifies how that end-point will be determined The conditions are (1) beneficiaries perceive they stand to gain personally from continued participation in the consulting and training activities on their own, (2) a leadership group emerges among the beneficiaries who continue to promote the service and training activities and (3) the target audience expands among a professionally and geographically diverse group The survey shows that the first two conditions have been achieved, while achievement of the third condition is well underway The report concludes that BSS has successfully established the conditions for sustaining the impact, but "the challenge remains of how to accelerate the work of the consulting and training partners and help beneficiaries increasingly internalize the benefits from consulting and training services " (pp 20-23)

4 Recommendations

Consulting firms will be more effective if

- (1) they expand the range of products they offer to clients, and
- (2) they disseminate examples of positive experiences and lessons learned throughout the client community ("peer awareness")

The database should be reconfigured to monitor achievements on a continuing and real-time basis, with the objective of assuring longer-term sustainability (p 23)

Training providers should

- (1) increase the percentage of clients' financial contribution,
- (2) undertake more rigorous selection of candidates, including creating more homogeneous class groups (kind of work, level of experience), and
- (3) conduct better training needs assessments prior to setting up the course

The database should be reconfigured to monitor achievements on a continuing and real-time basis with the objective of assuring longer-term sustainability (p 23)

Annex C-4

Urban Development Assessment PADCO, August/September 1998

General Comments

This vast paper covers a wide range of themes, which makes a succinct summary challenging. While dealing principally with urban development, it is rich in data such as economic, demographics, agriculture and Moroccan administration. To lessen the readers' burden, an attachment to this paper provides extensive citations from the report. This paper summarizes the principal and relevant findings of these themes and the report's recommendations, concluding with implications for USAID strategy.

The themes covered here are: socio-economic data, urban planning, territorial administration, decentralization, public-private partnerships, water/environment, urban development of Souss-Massa, and urban infrastructure financing.

If one attempted to boil down this major work into a single observation, it would likely be that urban development in Morocco is the battleground on which the traditional and well-entrenched top-down approach clashes with numerous (and sincere) efforts to encourage a bottom-up approach. This report gives reason to believe that this mess has a positive aspect: it is a manifestation of the tensions that are needed to lead ultimately to a better environment for the rapidly urbanizing Moroccan society.

Principal Findings

Socio-economic Data

Population Morocco's population growth rate is declining impressively, but the current population of 27 million will increase to 33 million by 2020, by which time two-thirds of the population will be living in urban areas, placing heavy demands on small and medium-size cities. Primary and secondary school enrollment will increase from four million to six million by 2010. An additional 277,000 citizens will enter the labor market each year. Poverty rates are higher in rural areas, and are highest in the south, including the Souss-Massa river basin, as well as in the north-central (around Fez) and south-central regions (around Meknes). The Souss-Massa rural poverty rate is 28 percent, compared to 18 percent rural poverty nationwide.

The economy Agriculture plays a "determining role in the national economy" (p 2). Despite efforts at diversification to make the economy less dependent on agriculture through diversification, the country remains highly vulnerable to the vagaries of rainfall. Annual shifts in economic growth are due largely to this vulnerability. The failure of rapidly expanding urban areas to respond in equal measure to the economic and social demands of the rising population means that poverty, until now mainly confined to rural areas, will be on the rise in urban areas with high rates of unemployment.

Urbanization and Urban Planning

Trend All parts of the country have been affected by the urbanization trend. Most of this effect has been haphazard, with many newcomers settling into unauthorized areas with no infrastructure services and "substandard" housing. Since 1960, an average of six new urban districts have been created annually, tripling the number of cities. Souss-Massa river basin has experienced 10 new urban areas each year since 1971, some containing as many as 100 000 residents.

The GOM The government's efforts to deal with the spread of substandard housing and lack of infrastructure/services through programs such as PMB, PDU and ANHI are no longer able to keep pace with the demand. More public-private partnerships are needed to implement development plans for the expanding urban population. (This point is amplified below in the section on Public-private Partnerships.)

Legislation Urban planning legislation and its implementation have proved inadequate to respond to the growing need, nor have the means been available, either nationally or locally, to provide the needed infrastructure and services.

Implementation Attempts to decentralize responsibilities for urban development to regional and local decision-makers are thwarted by the inadequacy of human-resources at those levels to assume responsibilities for planning and implementation. The result is the effective maintenance of responsibility for planning in the hands of the central authorities. Despite the structure in place to promote decentralization, the communes have not been associated with the planning activity, with the result that communities are not participating in their own economic and social development. However, efforts to improve consultation with local authorities, especially the elected bodies, will gradually lead to more empowerment, involvement and ownership of the plans locally. The advent and growth of public-private partnerships and local associations will also foster more local involvement.

Territorial Administration

Authorities Two administrative authorities exist side by side with unclear division of responsibilities.

Administration The first group, executive agencies with personnel appointed by the central government, have limited direct contact with the people. These are the regions (*wilayas*), prefectures or provinces, circles and *caidats*. This political/administrative group constitutes the "top-down", carrying out policies and pronouncements from the central government and also monitoring local events for reporting back.

Elected bodies The agencies whose leaders are elected do have direct contact. These are urban and rural communes, districts, arrondissements, urban communities and communal syndicates.

Ambiguity The existing structure is overlapping and confusing. This ambiguity has two negative effects: it reinforces the traditional power of the central administration, and it stifles

local involvement and empowerment, with negative implications for decision-making at the regional and local levels, for civil society and for participatory development

Decentralization

Policy and implementation Despite these ambiguities and the practical constraints they impose on the development and empowerment of local government, official policy is to encourage more devolution of authorities down. The problem is in deciding on how to implement the policy effectively, and in finding the means required to make it happen, given the low level of resources and management skills at the regional and local levels. Working in favor of increased decentralization is the growth of the population and of urban areas (31 urban communes under 20,000 in 1982, 110 in 1994), which makes it increasingly burdensome for the central government to manage.

Local organizations The growth of local associations has been a significant trend. (One estimate puts the number as high as 30,000.) These associations aggregate local demands and opinions, and are evidence of growth in civil society at the local level. However, approval for their start-up is required by the authorities, thus imposing as always a form of central control and often the organizations lack the skills to manage their tasks (or even adequately to define them).

Public-Private Partnerships

Examples This is the most fruitful area for future development prospects: associating the creators of public programs with private implementation, using a variety of financing tools. Some examples are low-cost housing construction, land development, urban services and micro-enterprise. This is an area needing more study, because it requires developing new ways of encouraging private-sector delivery and management of urban services. Several examples of land-development partnerships with the GOM are identified in Souss-Massa (p. 115). The assessment provides examples of partnerships at the national, regional and local levels.

GOM The Ministry of Regional Development, Environment, Urban Planning and Housing (MATEUH) has recently created a Department of Public Enterprises, Partnerships and Community Participation to promote such partnerships.

Constraints Areas requiring improvement to foster partnerships include inadequacy of planning documents for fast-growing areas (mainly around city peripheries), lack of formal real estate registration or land titling, and access to credit.

Water and the environment

Impact on Urbanization With 90 percent of the country's water use allocated to agriculture, the urbanization trend means that the future will bring some allocation shifts of water use away from agriculture. Water supply for human and industrial use needs to increase as economic diversification and urbanization make their mark.

Policy GOM water policy aims at achieving greater efficiency in the rural areas by managing demand more effectively, expanding coverage in urban areas and bringing costs into balance with revenues

Legislation The 1995 Water Law set up an integrated water management structure through regional water basin agencies and a Water and Climate Council. The Council deals with policy issues, and includes representatives of the central government and water basin agencies. Basin agencies are charged with developing a region-wide resource-development plan authorizing the use of public water, financing and assisting pollution-control and water resource development, monitoring water quality and use, studying water mobilization and management, supervising use and constructing flood prevention works.

Management The law is generally regarded as consistent with internationally accepted principles of water-resource management. It encourages various water-user groups, defines a basin as the geographic unit, and provides appropriate incentives for water use, flood control, pollution prevention and water mobilization.

Implementation The law lacks a suitable regulatory framework and implementation guidance.

Attachment to the Urban Development Assessment

Selected Citations

Socio-economic Data

"The increasingly large number of young people entering the labor force coupled with diminishing opportunities for formal employment will no doubt lead to further increases in the unemployment rate over the coming years " (sect 3 1 2)

"Delayed marriages have become a phenomenon as much as urban areas as in rural ones, which will help lower the fertility rate even further " (sect 3 1 2)

"Although poverty is distributed throughout all economic regions of the country, it is of greater concern in rural areas and in the small and medium-size cities of the South (including the Souss-Massa river basin, which is a major concern of this study), the north-central regions (around Fez), and the south central region (around Meknes) " (sect 3 1 2)

By 2020, mortality rates will decline, from 72 percent in 1994 to 0 51 percent, birth rates will decrease, from 3 25 children per thousand in 1994 to 2 03, and life expectancy will rise to 72 years for men and 76 years for women The population growth rate will decline from 2 05 percent in 1994 to 1 19 in 2020 At this projection, the national population will rise to 33 2 million (sect 3 1 3)

School enrollment (i e , primary and secondary education) will rise from 4 million now to 6 million by 2010 The health-delivery system will need to expand to meet the demands of a growing population e g , 1,700 additional hospital beds annually will be required (sect 3 1 3)

277,000 new labor-force entrants will arrive each year (on the average to the year 2020) (sect 3 1 3)

Migration to cities will result in two-thirds of the population residing in urban areas by 2020 (sect 3 1 3)

Urban Planning

"The slowness of the plan approval process and the many and various plans produced by central government agencies make it very difficult to evaluate the adequacy or urban planning capacity within the country It is clear, however, that local-level capacity to implement these plans varies considerably, but, outside of the largest cities, is very low government officials have mentioned that the major reasons for the high amount of unauthorized development taking place in their areas are the lack of coverage by planning documents and the poor follow-through in their implementation by local authorities " (sect 3 4 5)

"The conception of urban planning documents has been carried out by central government agencies working on behalf of the individual communes. The weak technical capacity of these communes, the lack of staff capable in urban planning, a basic preference by planners for technical competence over concerns about implementation, and their unwillingness to devote the necessary time to educate elected officials, have all contributed to a situation in which local authorities have little ownership of their urban development plans." (sect 3 4 5)

"Municipalities consider development plans (prepared by the central government) to be too detailed, too rigid, too long to complete, and often too late to implement. City master plans (SDAUs) generally take between 18 and 24 months to complete. The World Bank has concluded that the majority of bottlenecks in urban development are due more to the delay in the planning and approval system than to any other concern." (sect 3 4 5)

"Too much emphasis has been placed on the control of urban development and not enough on its promotion. Greater attention must be given to the role and importance of investments outside of public sector projects and to the provision of infrastructure and other incentives that will guide and promote the desired private sector development." (sect 3 4 5)

"With an average of six new urban centers created each year between 1960 and 1994, urbanization has affected virtually all parts of the country. The process has clearly been stronger, however, in some areas rather than in others. The rate of urbanization has been particularly rapid in regions that previously witnessed little or no urbanization at all. The mountainous areas of the Atlas and the Saharan regions to the south have experienced the greatest emergence of new urban centers, all of which are very small in size, are little removed from rural activities, and have populations of less than 10,000 people." (sect 3 5 1)

"Each of the two historically dense regions, the Souss and the Eastern Rif, have experienced the average emergence of 10 new cities per year since 1971. These new centers have in the Souss been tightly grouped around the city of Agadir, and in the Eastern Rif, somewhat more dispersed between Nador and Al Hoceima. Several of these satellite centers, most notably those attached to provincial capitals, have seen their populations grow to more than 20,000 residents and even as high as 80,000 to 100,000 people in the plain of Souss in 1994." (sect 3 5 1)

National strategy choice "The core of the issue is whether to once again favor (or not) the opening up of small urban centers with all that such a strategy of territorial adjustment requires in terms of investments in all manner of development to receive newly urbanized populations (housing, socio-collective facilities, urban infrastructure, and services employment, etc.)"

Territorial Administration

"Two types of parallel territorial structures exist side by side

- * agencies under executive authority and having only limited direct contact with the population (region, wilaya, prefecture or province, circle and caïdat), and

- * agencies under elected authority and having direct and continual contact with the population (urban or rural communes, districts, arrondissements and urban communities and communal syndicates)" (6 1 1)

"The complexity of this institutional situation has created very ambiguous boundaries to the responsibilities and actions of the various administrative units (6 1 1)

"All of the existing political-administrative infrastructure insures the continued representation of the central government at the local level. The basic purpose of this representation is to inform the population about government positions, support the application of public policies, and control, monitor and assist local authorities to carry out their responsibilities (6 1 1)

"It is now generally conceded that excessive centralization was responsible for blocking local-level development in the past and that decentralization should provide a better way to respond to local conditions and to mobilize greater resources for development (6 1 2)

"The density and complexity of existing administrative units in Morocco makes it very difficult to identify their exact responsibilities for many tasks. The excessive ambivalence in the present system effectively reinforces the role of central government as the ultimate decision-maker at the expense of local authorities. Legislation to strengthen the participation and powers of locally elected officials has almost always been accompanied by a parallel strengthening of the powers of appointed executive officials. The net result has been the reinforcement of urban management powers held by central authorities " (sect 6 1 2)

"A fundamental objective involves the need to establish greater collaboration between national regional and local entities in the elaboration of planning documents (6 1 3)

" communes are not directly associated in the elaboration of the planning documents for which they have been given the responsibility to implement and enforce. The lack of local participation in the elaboration of urban development plans and the very limited understanding of the rationale and reasoning behind the requirements of these plans are just two of the reasons why approval procedures have become extremely long and complicated. A new approach is needed that will enable local authorities to guide the future development of their cities and not simply control the management and delivery of land-use authorizations (6 1 3)

" municipalities have very little involvement in economic or social development which are key areas of development that lie at the very heart of their most recent mandate " (sect 6 1 3)

Decentralization

"It has become very clear that rapid population growth and urbanization in Morocco have forced the state to look for new ways to manage and govern society at the local level. To respond to these needs, the government has created regional entities from above and sanctioned local associations from below " (6 3 3)

"The real measure of success in the balance between centralization and decentralization lies in the positive impact that it has on economic and social development " (6 1 2)

"The relative slowness in Morocco's process of decentralization has been due at least in part to the existence of very limited human and financial resources at virtually all levels of government Under these conditions the central government agencies have been very reluctant to relinquish any part of their powers and/or share their resources with outlying services Continuous hesitation between maintaining central control and developing shared responsibilities with local entities has been the result " (6 1 2)

"The association approach to community participation, though still new and evolving, has shown some very positive results that include the undeniable role they have had in improving the urban environment in very visible ways, creating small-scale employment related to security guards garbage collection etc and developing a participatory culture that encourages democracy in decision making and good citizenship " (6 3 3)

Public-Private Partnerships

"Partnership arrangements provide one of the most effective ways to broaden both the financial and technical resource pools for local development Local resource management economic development and environmental protection will increasingly depend on coordinated approaches between the public and private sectors at the national, regional and local levels " (6 2)

"Although previous initiatives have not made full use of policy components that would enable various partners to co-exist in implementing a program for urban development, the current situation is clearly moving towards a much greater use of the partnership approach " (6 2 1)

"Comprehensive opportunity-driven and programmatic response to urban development through partnerships is both desirable and feasible within the context of Moroccan cities Broad consensus exists concerning the need to use partnership arrangements to assist the development of local-level capacity to manage existing and potential resources in the most effective manner " (6 2 1)

"One area of partnership that Morocco has not yet explored involves the financial of urban infrastructure and housing Public-private partnerships in finance are very quickly becoming the most interesting and dynamic forms of partnership " (6 2 1)

"One of the keys to effective partnerships, particularly when private investors and land owners are involved, is the existence of clear and transparent rules to govern the inter-relationships between partners " (6 2 3)

"A frequent constraint to land development partnerships can be found in the lack of formal registration and titling of the land " (6 2 3)

"Public participation in governance relates to both formal government and community decision-making in matters that affect people's everyday lives. This crosscutting issue also has very strong linkages to decentralization and to many forms of public-private partnerships. Decentralization and empowerment of local government are very closely associated with the extension and consolidation of democratic rights and the restructuring of the relationship between the state and civil society. Decentralization and democratization also provide the context in which local government can advance effective strategies for market, political and community enabling. Political enabling is achieved through many ways: political-administrative decentralization, democratization, managerial and institutional reform, the widespread use of NGOs and community-based organizations and the adoption of enabling strategies for market and community in regards to the allocation of material and financial public goods and services." (6.3)

"Widespread urbanization and the substantial growth of already highly populated urban areas have had very important impacts on public participation in governance through both formal institutions and informal relationships. Formal institutions include regional and provincial representatives of central authority and elected officials in urban centers and municipalities. Informal components of governance include the rapidly growing number of neighborhood associations which have now reached a total estimated to be between 17,000 and 30,000 associations." (6.3.1)

Water and the environment

"The GOM plans to mobilize additional water to respond to the requirement. Through increased mobilization of groundwater and particularly surface water, the Government plans to increase annual supply to 1,010 Mm³, roughly equivalent to need. Surface water mobilization is expected to rise from 9,028 Mm³ today to 13,940 Mm³ in 2020, while tapped groundwater is anticipated to increase from 2,700 Mm³ to 3,070 Mm³ over the same period. At this point (2020) the country will be using 85 percent of its total potential water sources. (sect. 3.6.3)

"While a short-term strategy can still concentrate primarily on increased water mobilization over the long and perhaps even medium term, the focus will have to shift to demand management if Morocco is to continue to achieve equilibrium in the water sector." (sect. 3.6.3)

"Other basins achieve self-sufficiency only through consumption of part of their non-renewable ground water (e.g., Souss-Massa), which is obviously unsustainable and also highlights the future importance of demand management." (sect. 3.6.3)

"The GOM's water sector policy, as evidenced by the DGH strategy and the 1995 Water Law, is essentially to

- * increase the water quality and coverage in urban areas (portion of total households with private/shared connections to rise to 90 percent in 2000 and 98 percent in 2020),
- * increase coverage and quality in rural areas, and
- * bring revenues in line with costs of developing new water sources by creating new Basin Agencies, which will manage bulk water resources within each watershed." (3.6.3)

Specifics of the water sector development plan for the Souss region are detailed in section 6.4.4

D

Annex D

USAID/Morocco

Illustrative

Performance Monitoring

Plan

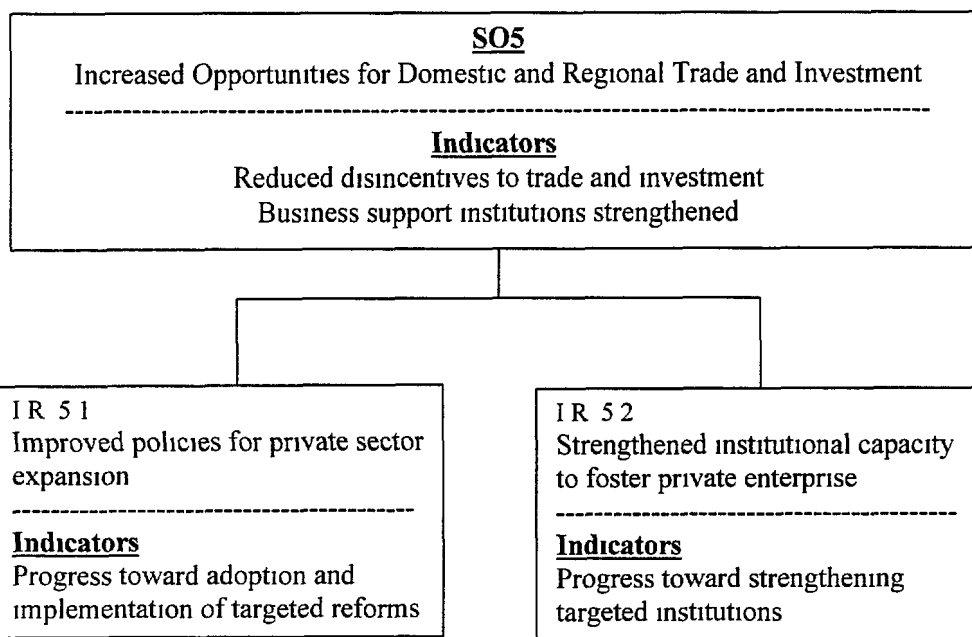


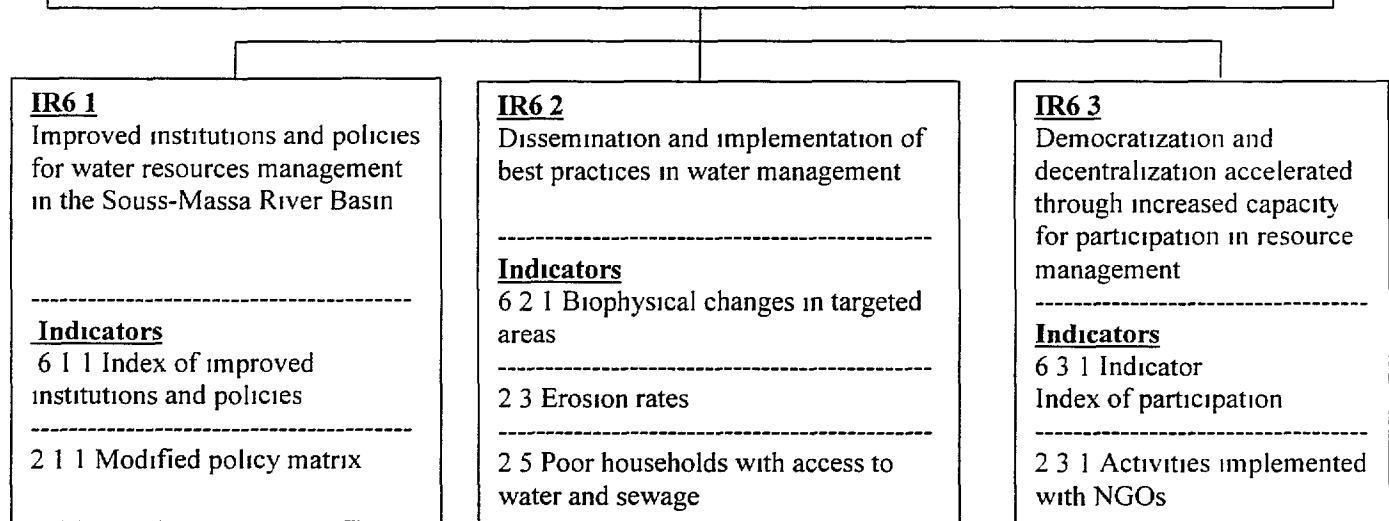
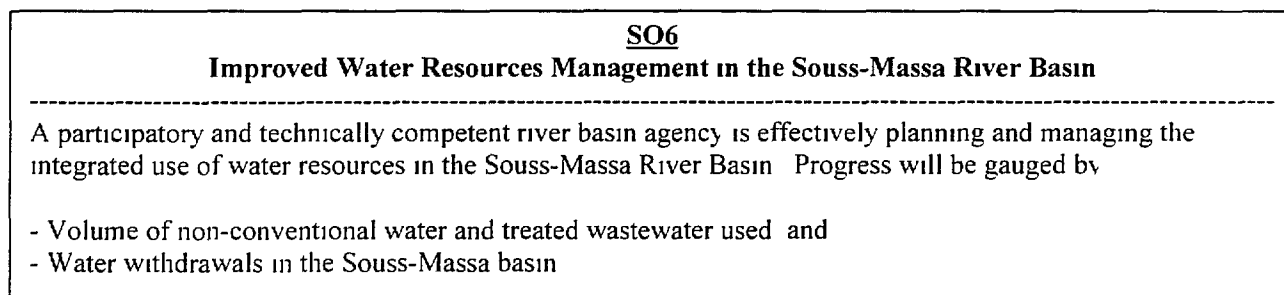
TABLE 1 PERFORMANCE MONITORING PLAN FOR STRATEGIC OBJECTIVE 5

Performance indicator	Precise definition of indicator/ Unit of Measurement	Data source/ Set data quality	Evaluation method/ Approach to data collection	Timing and frequency of Data collection	Responsible person/Office
STRATEGIC OBJECTIVE NO 5 Increased Opportunities for Expanded Domestic and Regional Trade and Investment					
Intermediate Result 5 1 Improved Policies for Private Sector Development					
Indicator 5 1					
Progress toward adoption and implementation of targeted reforms	1 Problem identification	National 5 year development plan	Requests to Ministries for reports/analyses	When published	Economic Growth team leader/office chief
List of illustrative reforms	2 Reform proposition formulated	National/provincial budgets	Requests to provincial authorities	Annually	PSC reform initiative Coordinator
Investment Promotion	3 Public education debate, validation consensus	Results Package reports	Requests to donors for reports/analyses	Quarterly	ARTIE Results Package manager
Small Business Promotion	4 Approval adoption of reform	Donor reports	Special studies	As appropriate	NED Results Package manager
Administrative Simplification	5 Implementation	Contractor reports	Assessments	Quarterly	MFA Results Package manager
Tax Simplification		Financial statements	Surveys	As appropriate	
Commercial/Sector Policy Measures, Business Information Statistics					
Mortgage Finance, Privatization/ Concessions					
Anti Corruption/ Measures					
Commercial Courts					
Small Claims Court Economic Associations/ NGOs Competition					
Consumer Protection					
Comments/Notes The Performance Monitoring Plan will be refined and expanded when two new Results Packages are designed Some sub indicators from current projects will be carried over in the new strategy					

TABLE 2 PERFORMANCE MONITORING PLAN FOR STRATEGIC OBJECTIVE 5

Performance indicator	Precise definition of indicator/ Unit of Measurement	Data source/ Set data quality	Evaluation method/ Approach to data collection	Timing and frequency of Data collection	Responsible person/Office
STRATEGIC OBJECTIVE NO 5 Increased Opportunities for Expanded Domestic and Regional Trade and Investment					
Intermediate Result 5 2 Strengthened institutional capacity to foster private enterprise					
Indicator 5 2	1 Needs analysis	Institutional assessments	Requests to Ministries for reports/analyses	When published	Economic Growth team leader/office chief
Progress toward strengthening targeted institutions	2 Intervention design	National 5-year development plan	Requests to provincial authorities	As appropriate	PSC reform initiative Coordinator
Illustrative list of Institutions	3 Management consensus	Specific GOM agency strategies	Requests to donors for reports/analyses	As appropriate	ISBS Results Package manager
Investment Promotion Agency,	4 Systems implementation	National/provincial annual budgets	Special studies	As appropriate	NED Results Package manager
Competition Agency,	5 Operations verification	Results Package reports	Assessments	As appropriate	MFA Results Package manager
Commercial Courts		Donor reports	Surveys	As appropriate	
Small Claims Courts		Contractor reports			
National Statistics Office,		Financial statements			
Consumer Protection Agency,					
National Small Business Council,					
Al Amana Microfinance Institution					
National Federation Microcredit Institutions					
Comments/Notes This indicator is newly conceived It will be refined with assistance from CDIE subsequent to approval of the strategy					

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as

1999-2005

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Set data quality	Evaluation method/ Approach to data collection	Timing and frequency of data collection	Responsible person/Office
Strategic Objective 6 Improved water resources management in the Souss-Massa river basin					
<p>A participatory and technically competent river basin agency is effectively planning and managing the integrated use of water resources in the Souss-Massa River Basin. Progress will be gauged by</p> <p>(a) Volume of non-conventional water and treated wastewater used and</p> <p>(b) Water withdrawals in the Souss-Massa basin</p>	<p>(a) This indicator will be equal to the number of cubic meters of water from sewerage saline sources or other non-traditional sources safely applied to agricultural, horticultural, industrial, potable or other use through USAID interventions</p> <p>(b) This indicator will be equal to the number of cubic meters of water extracted from surface and groundwater each year</p> <p>Unit of measurement Cubic meters</p>	<p>Source Reports of cooperating technical agencies, universities, and the contractor, compiled by the SO team</p> <p>(a) Precision and accuracy will be very good</p> <p>(b) Precision will be good accuracy will improve through the activity (see Comments below)</p>	Quarterly and annual progress reports	Annual	SO6 Team Leader
<p>Comments/Notes</p> <p>(a) Targets for increasing volumes of reuse will be established when pilot activities are developed. Much urban wastewater is now applied to crops untreated.</p> <p>(b) The sustainability of water use in the Souss Massa basin is fundamental to SO6. This indicator is a proxy for the basin's water balance which is now negative (i.e. water use exceeds supplies). Technical challenges must be overcome to collect this critical data.</p> <ol style="list-style-type: none"> 1. The indicator will not be informative during very wet years (when agricultural demand will decrease), or during severe droughts (when increased agricultural demand may or may not exceed decreased supplies). 2. Considerable improvements in local monitoring capabilities are necessary before reliable data can be collected. The baseline is likely to change as better data become available. 3. Targets for increases in agricultural efficiency and regulation will be established when pilot activities are developed. In the unlikely event that the new RBA adopts an aquifer management plan that does not implement major reductions in agricultural water use in its earliest years, this indicator should be replaced. 					

USAID/Morocco Performance Monitoring Plan
1999-2005

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Set data quality	Evaluation method/ Approach to data collection	Timing and frequency of data collection	Responsible person/Office
Strategic Objective 6 Improved water resources management in the Souss-Massa river basin Intermediate Result 6.1 Improved institutions and policies for water resources management in the Souss Massa river basin					
Index of improved institutions and policies for water resources management in the Souss-Massa River Basin	<p>Representative issues of technical capacity participatory mechanisms financial sustainability, and administrative standing will be tracked through the stages of development, adoption, and implementation of capacity-building or policy reforms (See comment 1, below) Each step is equally weighted and total progress is represented as the percentage steps that have been achieved Progress toward implementing the total integrated program of policy reform is represented by the average score in all issues Partial completion of steps will be scored against annual work plans</p> <p>Unit of measurement Average score of all issues</p>	<p>Source Annual reports by the contractor compiled by the SO team</p> <p>Quality Data will be accurate because they will be collected in a systematic and closely documented fashion</p> <p>As this indicator is an aggregate it will be inherently less precise than its component parts</p> <p>Accuracy of data will require good professional judgement and clear definitions to assure consistent scoring, especially for partially completed steps</p>	Quarterly and annual progress reports	Annual	SO6 Team Leader
<p><u>Comments/Notes</u></p> <p>1 These lists could be amended as the activity develops</p> <p>2 This indicator is adapted from the policy matrix of SO2 (Improved Water Resources Management in the Agricultural Urban and Industrial Sectors) from the previous strategy period Appropriate actions of the SO2 intermediate result 2.1 (Improved policy regulatory and institutional framework) will be tracked in parallel with IR 6.1 through their completion in 2002</p>					

Indicator 6 1 1 Index of improved institutions and policies for water resources management in the Souss-Massa River Basin

Comprehensive improvement of policies will require that the representative issues listed in column one of the following matrix be addressed Development, adoption, and implementation of capacity-building or policy reforms (actions) will require the four ordered steps of the policy process (listed in columns two through five) Total progress toward implementing a sustainable program to address a specific issue is represented (in the last column) as the percentage of major steps of the policy process that have been achieved Each step is equally weighted (25%) Progress toward implementing the total integrated program is represented by the average score in all issues

Partial completion of steps in the policy process will be scored according to progress through steps detailed in annual work plans Note that these actions apply to the entire basin, rather than to individual sites, for which progress will be assessed in IR 6 2

Issues \ Actions	State of and/or pressures on system analyzed (of possible 25)	Proposal for response drafted and submitted (of possible 25)	Response measures reviewed and adopted (of possible 25)	Response measures implemented (of possible 25)	TOTAL PROGRESS BY ISSUE (of possible 100)
Creation of RBA					
Technical capacity to allocate and monitor water quantity and quality					
Mechanisms for communication between sectors and agencies					
Mechanisms for public participation					
Sustainable source of revenue to RBA					

Linkage of indicator IR 6.1.1 to the SO2 policy matrix Through 2002, SO6 will track relevant elements of the policy matrix designed to track progress under SO2 "Improved water resources management in the agricultural, urban, and industrial sectors," approved in 1995. As SO6 evolved from SO2, they share many issues such as pricing, private sector, polluter pays, and decentralization. However, the SO2 matrix was designed for national rather than regional reform and pre-dated the 1995 Water Law. Therefore, the two matrices cannot be usefully combined. The following table shows elements of the SO2 policy matrix that will be tracked under SO6 through 2002, including 1998 performance results.

Numbers in the columns indicate the *percentage estimate of completion* for each reform initiative. The reform process is comprised of five phases (with percentage weights shown): problem identification (10%), reform proposition (10%), public debate and validation (20%), adoption (20%), and implementation (40%). Anticipated and 1998 actual (in bold) policy achievements under SO2 are summarized in the following table. 54% of USAID's environmental (SO2) policy reform targets were achieved by the end of 1998, slightly exceeding expectations.

Reforms	98	99	00	01	02
Water Demand Management					
Progressive pricing policy	55/35	45	65	85	90
Decentralized management	40/30	40	70	100	100
Water Supply Enhancement					
Environmental impact assessment	80/80	85	90	100	100
Private sector involvement	80/80	90	100	100	100
Water Quality Improvement					
Industrial effluent norms	20/20	40	55	70	85
Polluter pays principle	40/20	40	55	70	85
Institutional Strengthening					
Sustainability of ANHI	75/75	90	100	100	100

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USAID/Morocco Performance Monitoring Plan
1999-2005

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Set data quality	Evaluation method/ Approach to data collection	Timing and frequency of data collection	Responsible person/Office
Strategic Objective 6 Improved water resources management in the Souss-Massa river basin					
Intermediate Result 6.2 Dissemination and implementation of best practices in water management					
<p>Biophysical changes in targeted areas, e.g.</p> <p>a Prevalence of childhood diarrhea, and/or use of sanitary practices in selected communities</p> <p>b Number of households with new water and sewerage services</p> <p>c Volume of water saved in agricultural and industrial production in target areas</p> <p>d Concentrations of agricultural and industrial pollutants in target areas and/or quantities of pollutants released</p>	<p>a Percentage of children experiencing diarrhea within a call-back period, numbers treated in clinics, and/or rates at which sanitary behaviors are used for water, sanitation, and food-handling</p> <p>b As stated</p> <p>c Water saved through increases in efficiency and management decisions</p> <p>d As stated</p> <p>Unit of measurement</p> <p>a Rates of disease numbers treated, and/or use of sanitary practices</p> <p>b Households</p> <p>c Meters cubed</p> <p>d mg/L</p>	<p>Household surveys and clinical data (in cooperation with PHN) and reports from government agencies, contractors, and local partners</p> <p>Quality Accuracy and precision of these site-specific biophysical data should be very high</p>	<p>Quarterly and annual progress reports</p>	<p>Annual or biannual</p>	<p>SO6 Team Leader</p>
<p>Comments/Notes</p> <p>1 Indicators are illustrative</p> <p>2 Similar indicators from the previous strategy period (number of poor households connected to water and sewerage and erosion rates) will be tracked through 2000 and 2002 respectively</p> <p>3 Note that 'Volume of water saved' in indicator (c) is specific to pilot projects and not assessed basin-wide as in the case of SO indicator (b)</p>					

Indicator 6 2 1 Biophysical changes resulting from dissemination and implementation of best practices in water management in target areas

To be successful, the RBA and its constituent partners must ultimately improve the status of health habitats water sources, and economic viability in the region USAID will seek out and implement pilot and demonstration activities with RBA partners that will require cross-sectoral cooperation Biophysical targets will be established for each pilot project undertaken Activities cannot be fully identified at this point, because analysis of, by and for the RBA and its constituent partners is required to select priorities The following are illustrative indicators subject to change over time

Illustrative Indicator	Targets	Timing
Prevalence of childhood diarrhea and/or use of sanitary practices in selected communities as measured by recall surveys	Targeted reductions may vary from roughly 20% to 60% depending on initial conditions and selected interventions	Initial surveys will be primarily conducted in years 1 through 2 interventions will begin in year 2
Number of households with new water and sewerage services (through ANHI or other local partners)	Approximately 30 000 per year in 1999 and 2000 Approximately 16 000 thereafter	see Targets
Volume of water saved in agricultural and industrial production in target areas	Approximately 20% depending upon crops technologies and interventions	Results will become measurable after year 2 or 3
Concentrations of agricultural and industrial pollutants in target areas	Targets will vary from ~30% (e g for nitrates) to ~90% (e g for toxic metals)	Results will become measurable after year 2 or 3

Linkage to the SO2 biophysical indicators Many of the changes tracked by these SO6 indicators of IR 6 2 will be identical to indicators tracked under SO2 (USAID/Morocco CSP 1995-2000) adjusted for local circumstances e g volume of water saved and concentration of pollutants Mass of eroded soil in the Nakhla watershed will be tracked through the end of the WRS Activity in 2002 and the number of poor urban household units connected to sewerage and potable water will be continued at least through 2000

STRATEGIC OBJECTIVE 6 Improved Water Resources Management in the Souss-Massa River Basin				
APPROVED 5/99 (anticipated)		COUNTRY/ORGANIZATION USAID/MOROCCO		
INDICATOR SO6 1 (a) Volume of non conventional water and treated wastewater used				
(b) Water withdrawals in the Souss-Massa basin				
UNIT OF MEASURE	Cubic meters of water	YEAR	PLANNED	ACTUAL
SOURCE (a) Contractors and cooperating agencies	INDICATOR DESCRIPTION (a) This indicator will be equal to the number of cubic meters of water from sewerage saline sources or other non-traditional sources safely applied to agricultural horticultural, industrial potable or other use through USAID interventions (b) This indicator will be equal to the number of cubic meters of water extracted from surface and groundwater each year COMMENTS (a) Targets for increasing volumes of reuse will be established when pilot activities are developed Much urban wastewater is now applied to crops untreated (b) The sustainability of water use in the Souss Massa basin is fundamental to SO6 This indicator is a proxy for the basin's water balance which is now negative (i.e., water use exceeds supplies) Technical challenges must be overcome to collect this critical data 1 The indicator will not be informative during very wet years (when agricultural demand will decrease), or during severe droughts (when increased agricultural demand may or may not exceed decreased supplies) 2 Considerable improvements in local monitoring capabilities are necessary before reliable data can be collected The baseline is likely to change as better data become available 3 Targets for increases in agricultural efficiency and regulation will be established when pilot activities are developed In the unlikely event that the new RBA adopts an aquifer management plan that does not implement major reductions in agricultural water use in its earliest years, this indicator should be replaced	1999 baseline	a b	a b 965 M (est)
		2000	a b	
		2001	a b	
		2002	a b	
		2003	a b	
		2004	a b	
		2005	a b	

STRATEGIC OBJECTIVE 6 Improved Water Resources Management in the Souss-Massa River Basin			
APPROVED 5/99 (anticipated)		COUNTRY/ORGANIZATION USAID/MOROCCO	
INTERMEDIATE RESULT 6 1 Improved institutions and policies for water resources management in the Souss Massa River Basin			
INDICATOR IR 6 1 1 Index of improved institutions and policies for water resources management in the Souss Massa River Basin			
UNIT OF MEASURE Index scores	YEAR	PLANNED	ACTUAL
SOURCE Contractor s reports compiled by the SO team INDICATOR DESCRIPTION (See policy matrix) Comprehensive improvement of policies will require that the representative issues of technical capacity participatory mechanisms financial sustainability and administrative standing be addressed (This list could be amended as the activity develops) Development, adoption and implementation of capacity-building or policy reforms will require ordered steps of the policy process here summarized as problem analysis preparation of a response adoption of a response and implementation Total progress toward implementing a sustainable program to address a specific issue is represented as the percentage of major steps of the policy process that have been achieved Each step is equally weighted (25%) Progress toward implementing the total integrated program is represented by the average score in all issues Partial completion of steps in the policy process will be scored according to progress through steps detailed in annual work plans COMMENTS Note that these actions apply to the entire basin rather than to individual sites for which progress will be assessed in IR 6 2	1999 baseline		7% (est)
	2000	22	
	2001	37	
	2002	52	
	2003	67	
	2004	82	
	2005	100	

STRATEGIC OBJECTIVE 2 Improved Water Resources Management in the Agricultural, Urban and Industrial Sectors			
APPROVED 4/95		COUNTRY/ORGANIZATION USAID/MOROCCO	
INTERMEDIATE RESULT 2 1 Improved Policy, Regulatory, and Institutional Framework			
INDICATOR 2 1 1 Progress towards adoption of 11 key reforms			
UNIT OF MEASURE Percentage completion of 11 policy reforms	YEAR	PLANNED	ACTUAL
SOURCE USAID project reports (WRS TRM UES)			
INDICATOR DESCRIPTION See COMMENTS	1995	12%	12%
COMMENTS			
Based on progress toward implementation of 11 reforms supported by USAID activities, measured in terms of percentage achieved in five key phases (Identification/analysis – 10% development - 10%, validation promotion training – 20%, adoption – 20% implementation/enforcement - 40%) This policy indicator serves as the basis for the Mission's environmental policy agenda	1996	23%	23%
	1997	35%	37%
This year's results were very impressive with all 11 targets met or exceeded making the overall average exceeded by 3%	1998	47%	54%
Results are compiled and synthesized annually by USAID See "SO2 Policy Reform Agenda (attached) for further details	1999	60%	
	2000	75%	

STRATEGIC OBJECTIVE 6 Improved Water Resources Management in the Souss-Massa River Basin APPROVED 5/99 (anticipated) COUNTRY/ORGANIZATION USAID/MOROCCO			
INTERMEDIATE RESULT 6 2 Dissemination and implementation of best practices in water management			
INDICATORS IR 6 2 1 (Illustrative) a Prevalence of childhood diarrhea and/or use of sanitary practices in selected communities b Number of households with new water and sewerage services c Volume of water saved in agricultural and industrial production in target areas d Concentrations of agricultural and industrial pollutants in target areas			
UNIT OF MEASURE a Rates of disease and/or use of sanitary practices b Households c Meters cubed d mg/L SOURCE a Household surveys b National shelter-upgrading agency other partners c ORMVA APEFEL other partners d Contractor s analyses technical reports INDICATOR DESCRIPTION See accompanying table COMMENTS Note that indicators proposed here are illustrative Actual priorities of partners and targets will be established in late-1999 and early 2000 Note that Volume of water saved in this indicator is specific to pilot projects and not assessed basin-wide as in the case of SO indicator (b)	YEAR	PLANNED	ACTUAL
	1999	a b c d	
	2000	a b c d	
	2001	a b c d	
	2002	a b c d	
	2003	a b c d	
	2004	a b c d	
	2005	a b c d	

100

STRATEGIC OBJECTIVE 2 Improved Water Resources Management in the Agricultural, Urban and Industrial Sectors			
APPROVED 4/95		COUNTRY/ORGANIZATION USAID/MOROCCO	
INDICATOR 2.3 Volume of soil erosion in target areas			
UNIT OF MEASURE Metric tons of soil loss per hectare per year	YEAR	PLANNED	ACTUAL
SOURCE WRS feasibility study, measurements from soil erosion plots meteorological data INDICATOR DESCRIPTION See COMMENTS COMMENTS Target area of 510 hectares is the WRS demonstration site in the Nakhla watershed in the Rif mountains of northern Morocco, an area with one of the highest erosion rates in the country Erosion reduces the availability and concentration of plant nutrients and alters soil structure in ways that affect water availability and root growth In addition, eroded uplands cannot absorb water to replenish aquifers and at the same time increases the sedimentation of dams and reduces their water storage capacity Therefore, reducing soil erosion will have multiple water resource management benefits Progress was made in 1998 in reducing the amount of soil erosion in the Oued Nakhla watershed We estimate that, in the long-term the activities implemented in the watershed in 1998 will lead to a 10% reduction in soil loss from the area planted (30% of total area), and to an overall reduction of soil loss of 2.8 tons per hectare Once cuvettes and grass strips are installed the reduction in soil loss from the area planted can reach 20 to 25% Verification includes <ul style="list-style-type: none">- Daily monitoring of sediments in 14 soil erosion measurement plots by students in the watershed during the rainy season (November to April)- Use of meteorological data from the Jbel Timzouak station,- Extrapolation and projection of soil loss reduction from actions implemented in the watershed based on similar actions elsewhere- Calculation of the universal soil loss equation in target areas of the Nakhla watershed	1997	64	64
	1998	61	62.2
	1999	58	
	2000	55	
	2001	51	
	2002	48	

STRATEGIC OBJECTIVE 2 Improved Water Resources Management in the Agricultural, Urban and Industrial Sectors			
APPROVED 4/95		COUNTRY/ORGANIZATION USAID/MOROCCO	
INDICATOR 2 5 Number of poor urban household units connected to sewerage and potable water			
UNIT OF MEASURE Number (annual/cumulative household number) SOURCE USAID Urban Environmental Credit files FEC project implementation reports ANHI annual reports Habitat en chiffres reports INDICATOR DESCRIPTION See COMMENTS COMMENTS The figures are of households in slum and clandestine neighborhoods that are connected to both sewerage and potable water networks The indicator measures only sites sold to beneficiaries The numbers are derived from ANHI s annual reports and reflect the actual number of serviced lots delivered to target populations compared to the annual delivery planned The contribution of FEC is derived from funds directly allocated/planned to support infrastructure programs (sewerage and potable water) targeting poor urban households Less than 50% of the 1998 target was achieved as several issues continue to plague this indicator 1) As cited last year ANHI underwent politically generated management problems These problems affected the development cycle—typically a 2-3 year process from site feasibility studies to sale of serviced plots The lack of new starts in 1996-97 is now affecting the number of plots available for sale 2) A management and financial audit funded by USAID revealed problems related to stock and marketing (i e a proportion of the plots are either no longer sought by the target population or ANHI has invested too little in its marketing facilities) This problem is currently being addressed by ANHI s hiring of additional marketing specialists and training and by additional USAID-funded TA 3) This indicator is linked to the UECP of which ANHI is the primary beneficiary Planned HG-004 for 1994-99 was \$80 million The revised plan for the same period is \$45 million and an additional \$7 8 million authorized through 1999 This slower than anticipated disbursement schedule is affecting ANHI s achievement of anticipated targets It should be noted that even with 30 500 households serviced ANHI regained its position as premier shelter and infrastructure provider in Morocco which it had lost in 1996-97 (N B The 1997 figure has been revised based on ANHI s final annual report dated June 1998)	YEAR	PLANNED	ACTUAL
	1994 Baseline	10 300	10 300
	1995	24 000/ 34 300	19 700 30 000
	1996	24 000/58 300	15 800 45 800
	1997	64 000/122 300	52 000/97 800 ar 43 100/88 920
	1998	70 000/192 300	30 500 119 420
	1999	62 000/254 300	
	2000	51 000/305 300	

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STRATEGIC OBJECTIVE 6 Improved Water Resources Management in the Souss-Massa River Basin			
APPROVED 5/99 (anticipated)		COUNTRY/ORGANIZATION USAID/MOROCCO	
INTERMEDIATE RESULT 6 3 Democratization accelerated through increased capacity for participation in resource management			
INDICATORS IR 6 3 1 Index of participation in resource management			
UNIT OF MEASURE Index score equal to the summation of the number of associations participating in project and policy planning, and the number implementing policies and projects SOURCE Contractors reports compiled by the SO 6 Team INDICATOR DESCRIPTION See accompanying table COMMENTS	YEAR	PLANNED	ACTUAL
	1999 baseline		
	2000		
	2001		
	2002		
	2003		
	2004		
	2005		

STRATEGIC OBJECTIVE 2 Improved Water Resources Management in the Agricultural, Urban and Industrial Sectors			
APPROVED 4/95		COUNTRY/ORGANIZATION USAID/MOROCCO	
INTERMEDIATE RESULT 2 3 Broadened Public Participation for Environmental Action			
INDICATOR 2 3 1 Number of environmental activities implemented with non-governmental partners			
UNIT OF MEASURE Number	YEAR	PLANNED	ACTUAL
SOURCE WRS/UES reports and site visits WRS feasibility studies stakeholders workshops and participatory surveys in Nakhla			
INDICATOR DESCRIPTION See COMMENTS			
COMMENTS	1995 baseline	0	0
UES ANHI assisted a community group in Berkane (Oujda) and 5 associations in Tangier to restructure clandestine residential neighborhoods with sewerage and water systems			
Eight community groups in Ouled Teima continued construction of a secondary and tertiary sewerage system ANHI provided the working drawings and engineering support the amicales the labor and the municipality is funding the primary sewer collector This type of support and assistance has been extended to other clandestine neighborhoods Two additional associations worked on a plantation scheme for community green spaces	1996	5	6
UES verification includes ANHI field office surveys municipality site visits surveys and Urban Environmental Credit Program (UECP formerly HG) project implementation plan updates			
WRS In 1998 WRS implemented 14 activities with non-governmental partners The activities are the following	1997	10	14
Agadir convention (Al Amal water users association) (1)			
- Fes convention (tanners) (1)	1998	15	30
- Tannery study tour (tanners) (1)			
- Wastewater treatment and reuse study tour (Al Amal) (1)			
- Creation of 4 village committees in Nakhla (4)			
- Creation of association of wastewater users in Drarga (1)			
- Olive tree planting in Zones I and II of Nakhla (2)	1999	20	
- Separation of tannery effluents in Dokkarat by the tanners (1)			
- Wastewater reuse workshop with farmers in Drarga (1)			
- Launching of the works for the Drarga wastewater treatment plant (with Al-Amal Association) (1)			

USAID/Morocco Performance Monitoring Plan
1999-2005

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Set data quality	Evaluation method/ Approach to data collection	Timing and frequency of data collection	Responsible person/Office
Strategic Objective 6 Improved water resources management in the Souss-Massa river basin					
Intermediate Result 6.3 Democratization accelerated through increased capacity for participation in resource management					
Index of participation	<p>The summation of the number of associations participating in project and policy planning, and the number implementing policies and projects</p> <p>Organizations acting in more than one sector will be counted only once. Individuals belonging to more than one group will be double-counted. Sectoral affiliations, number of participants, and number of participating girls and women will be tracked for all associations involved with the SO, but no targets will be set.</p> <p>Unit of measurement Index score</p>	<p>Reports from government and NGO partners, and contractors</p> <p>Data should be precise and accurate because they will be collected in a highly systematic fashion, including standard survey techniques.</p> <p>Consistent professional judgement and clear definitions are needed to assure that the level or quality of participation meets the defined standards.</p>	Quarterly and annual progress reports	Annual	SO6 Team Leader
<u>Comments/Notes</u> 1. This indicator will overtake the role of SO2 indicators 2.3.1, number of environmental actions implemented with NGO partners, and 2.3.2, number of farmers in viable water users' associations.					

Indicator 6 3 1 Index of participation in resource management

Active public participation in decisions and policies of water resources management will be measured by the following table. Total scores will reflect both the number of organizations participating, and the level of their involvement. Thus ten stakeholders' groups expressing opinions on proposed water tariffs of sewerage systems at a public meeting would be worth ten points. Five of these same groups implementing projects (*e g*, installing drip irrigation systems or sewer lines) or implementing policies (*e g*, by serving on a review committee established by the RBA) would be worth an additional 5 points.

Targets will be set after baseline surveys are conducted. Organizations acting in more than one sector will be counted only once. Individuals belonging to more than one group will be double-counted. Sectoral affiliations, number of participants, and number of participating girls and women will be tracked for all associations involved with the SO, but no targets will be set.

Use of this index to manage for the intermediate result assumes that (1) active participation is the most effective way to develop the capacity to participate, and to identify weaknesses that can be addressed by USAID interventions (*e g*, through training in outreach or financial management) and (2) active participation in civil society and citizens' engagement with their government is fundamental to democratization and the development of responsive government.

Number of participants Sector	(a) Number of Associations (b) Numbers of Members (c) % females in (b)			Number of associations affecting project design and policies by exchanging information with implementers and policy makers	Number of associations implementing policies and projects
	a	b	c		
Agricultural					
Municipal					
Commercial					
Educational					
Totals					
Total Points					

Linkage to SO2 indicators of participation. This indicator will overtake the role of SO2 indicators 2 3 1, number of environmental actions implemented with NGO partners, and 2 3 2 number of farmers in viable water users' associations.

SpO7

Key Interventions Promote Sustainability of Population, Health and Nutrition Programs

Indicators

- Maintenance of modern CPR at or above 51% of married Women of reproductive age
- Improved policy environment supporting sustainability of FP/MCH services
- Share of FP clients served by the public sector increased to 50%

IR 1

Effective decentralized management of primary health care services established on a pilot basis

Indicators

- Accurate and appropriate health and demographic data used for decision-making in pilot regions
- Couple years of protection (CYP) increased in target health districts where indicators are lower than regional average
- Increased number of community health projects implemented with active participation of NGOs or

IR 2

Access to private sector FP/MCH services increased nationwide

Indicators

- Couple Years of Protection (CYP) provided by the private sector increased as a proportion of all CYP delivered in the public and private sectors
- Sales of injectables and IUDs provided by the private sector increased

Support Activity

Technical assistance to the MOH for selected systems developed in partnership with USAID

**USAID/Morocco Special Objective 7 Performance Monitoring Plan
1999-2006**

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Set data quality	Evaluation Method/ Approach to data collection	Timing and frequency of data collection	Responsible person/Office
Special Objective 7 Key interventions promote sustainability of population, health and nutrition					
Indicator #7 0 1 Maintenance of modern contraceptive prevalence rate (CPR) at or above 51% of married women of reproductive age	<p>CPR is the proportion of married women of childbearing age (15-49 years) who are using (or whose partner is using) a modern contraceptive method at the time of the survey. Modern methods are condoms, Norplant, pills, IUD, injectables, vaginal methods and voluntary surgical contraception.</p> <p><u>Calculation</u> $CPR = U/P$ where U = number of women of reproductive age using a modern contraceptive method at the time of the survey and P = women of reproductive age currently married.</p>	<p>Population based surveys conducted in 1992 DHS EPPS (1995) and 1997 (Papchild) and a planned DHS in 2002.</p> <p>Data quality is high</p>	Co-funding a DHS survey with the GOM and other donors in 2002 is proposed in the context of this Special Objective. The MOH/Service des Etudes et de l'Information Sanitaire (SEIS) would implement the survey.	Every 3-5 years	Responsibility: MOH and USAID/Morocco MEASURE project (G/PHN) and collaborating donors
Indicator #7 0 2 Proportion of modern contraceptive users served by the private sector	<p>For this indicator CPR will be stratified by source of supply (public vs. private sector).</p> <p><u>Calculation</u> % private sector CPR equals private sector CPR divided by total CPR multiplied by 100. (See definition and calculation for CPR above).</p>	<p>Population based surveys conducted in 1992 DHS EPPS (1995) and 1997 (Papchild) and a planned DHS in 2002.</p> <p>Data quality is high</p>	The MOH/Service des Etudes et de l'Information Sanitaire (SEIS) will implement the survey. (See above).	Every 3-5 years	MOH and USAID/Morocco MEASURE project (G/PHN) and collaborating donors
Indicator #7 0 3 Improved policy environment supporting sustainability of reproductive and child health services	<p>A composite measure expressed as a percentage of completion for 5 policy and regulatory reforms. Percentage scores are assigned to the following steps: a) identification/analysis (10%), b) formulation (10%), c) validation (20%), d) adoption (20%) and e) implementation (40%).</p> <p>Clear benchmarks signifying the achievement of each step are established in advance by a policy working group. The policy working group will be composed of representatives from the SpO team, USAID staff, key implementing partners and the MOH.</p>	<p>Data for this indicator are generated through oversight and regular reporting on activities implemented by several centrally funded programs. USAID staff will assign scores.</p> <p>Data quality is moderate</p>	The SpO team compiles indicator data gathered mainly from contractor activity reports. A policy working group meets quarterly to assess progress, identify areas of slow implementation and review information compiled in this indicator.	Annually	SpO team/policy working-group, USAID/Morocco assigns scores

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Set data quality	Evaluation Method/ Approach to data collection	Timing and frequency of data collection	Responsible person/Office
Special Objective 7 Key interventions promote sustainability of population health and nutrition					
Intermediate Result 7.1 Effective decentralized management of primary health care services established on a pilot basis					
Indicator #7.1.1 Accurate and appropriate health and demographic data used for decision making in pilot areas	A qualitative measure tracking use of peripheral level management information systems (MIS) as a tool in decentralized management and of resultant primary health program actions Annual progress is assessed by determining whether the performance target/benchmark for the year was met or not met	Project reports Data quality is moderate	Benchmarks are established in advance by SpO extended team USAID staff determines whether a benchmark has been achieved through review of project reports and validation by field visits	Annually	A contractor led team is responsible for collection of the data from the MOH USAID staff validates data
Indicator # 7.1.2 Couple Years of Protection distributed by the public sector increased in selected health districts where indicators are lower than regional average	CYP is an estimate of protection against pregnancy provided by FP services during a one year period based upon the volume of contraceptives distributed CYP is calculated by using the following conversion factors IUDs=3.5 CYPs 15 cycles of pills=1 CYP 120 condoms=1 CYP VSC=8 CYPs Norplant=3.5 CYPs 4 injectables [Depo]=1 CYP Under the new strategy regional average CYP baseline is calculated and in the context of project interventions a number of health districts with CYP lower than regional averages will be selected for intervention Health districts as part of their planning process will establish CYP targets Data will be collected and reviewed annually and a determination made as to whether targets have been achieved or not Calculation count	Ministry of Health service statistics on commodities distributed Data quality is moderate	Contractor staff will obtain health district specific data directly from the local MOH Provincial Delegations and calculate CYP according to USAID conversion factors USAID will validate data quality through document review and field visits as necessary	Annually	A contractor led team is responsible for collection of the data from the MOH USAID staff validates data
Indicator #7.1.3 ↑ # of community health projects implemented with active participation of NGOs or community organizations in pilot regions	Cumulative number of communities with health promotion activities being implemented by NGOs or community organizations in pilot regions in partnership with local health authorities Calculation count	MOH and project reports Data quality is moderate	A health promotion activity is counted if there is evidence of local action plans and/or signed agreements for partnerships	Annually	A contractor led team is responsible for collection of the data from the MOH USAID staff validates data

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Set data quality	Evaluation Method/ Approach to data collection	Timing and frequency of data collection	Responsible person/Office
Special Objective 7 Key interventions promote sustainability of population health and nutrition Intermediate Result # 7 2 Access to private sector reproductive and child health (RH/CH) services increased nationwide					
<u>Indicator #7 2 1</u> Couple years of protection distributed by the private sector increased, as a proportion of all CYPs delivered in the public and private sector	<p>Private sector CYPs as a proportion of all CYPs delivered in the public and private sectors</p> <p>Calculation % private sector CYP = total commercial sector CYPs divided by public sector CYPs plus commercial sector CYPs</p> <p>Note CSM and commercial private sector data do not include CYPs from VSC or condoms</p>	<p>Numerator data come from the pharmaceutical industry IMS annual report on private sector sales</p> <p>Denominator data are a combination of the commercial sector data and MOH service statistics</p> <p>Data quality is moderate</p>	<p>Raw data will be provided by contractor staff CYP and proportion will be calculated by USAID or project staff according to appropriate conversion factors</p> <p>USAID staff will validate data quality</p>	Annually	Contractor team and USAID staff
<u>Indicator #7 2 2</u> Sales of IUDs and injectable contraceptives by the social marketing program increased	<p>This indicator will measure units of IUDs and injectables contraceptives sold through the social marketing program</p> <p>Calculation Count</p>	<p>Data for this indicator will come from the USAID supported social marketing program and/or sales reports by the implicated pharmaceutical company</p> <p>Data quality is moderate to high</p>	<p>Contractor will compile sales data from pharmaceutical company USAID staff will validate sales data</p>	Annually	Contractor team and USAID staff
<u>Comments/Notes</u>					

SPO 7 PERFORMANCE DATA TABLES
April, 1999

SPECIAL OBJECTIVE 7 Key interventions promote sustainability of population, health and nutrition programs in Morocco			
APPROVED COUNTRY/ORGANIZATION USAID/Morocco			
RESULT NAME Key interventions promote sustainability of population, health and nutrition programs in Morocco			
INDICATOR 7 0 1 Maintenance of modern contraceptive prevalence rate (CPR) at or above 51% of married women of reproductive age			
UNIT OF MEASURE CPR SOURCE DHS (1992 1995), PAPCHILD Survey (1997) Planned DHS 2002 INDICATOR DESCRIPTION CPR is the proportion of married women of childbearing age (15-49 years) who are using (or whose partner is using) a modern contraceptive method at the time of the survey Modern methods are condoms, Norplant, pills, IUD, injectables vaginal methods and voluntary surgical contraception Calculation CPR = U/P where U = number of women of reproductive age using a modern contraceptive method at the time of the survey and P = women of reproductive age currently married Indicator data quality is high COMMENTS Despite the fact that twice in recent years (1995 and 1997), actual performance data show that performance has exceeded planned performance goals, USAID has established a target for this strategy period that reflects maintenance of the current rate This maintenance target is consistent with USAID program focus on sustainability and is reasonable given the dramatic reductions in USAID funding during the SpO period Key justifications for this target include 1) USAID funding , in 1997, accounted for 35% of GOM FP program operating budget and 48% of donor funding for FP programs 2) transfer of contraceptive cost to the GOM is underway although financing for the out years remains unclear, and, 3) data from other countries show that contraceptive prevalence (modern methods) can "plateau" and increase more slowly when rates reach 45 percent and higher (Egypt and Indonesia) Thus, it is appropriate to establish a performance goal for the year 2000 at 51%	YEAR	PLANNED	ACTUAL
	1992		35 5%
	1995		42 4%
	1997	45%	51%
	2003	51%	

SPECIAL OBJECTIVE 7 Key interventions promote sustainability of population health and nutrition programs in Morocco			
APPROVED COUNTRY/ORGANIZATION USAID/Morocco			
RESULT NAME Key interventions promote sustainability of population health and nutrition programs in Morocco			
INDICATOR 7 0 2 Proportion of modern contraceptive users served by the private sector increased			
UNIT OF MEASURE Contraceptive Prevalence Rate (CPR) stratified by source of supply SOURCE DHS (1992 1995) PAPCHILD Survey (1997) Planned DHS 2002 INDICATOR DESCRIPTION CPR is the proportion of married women of childbearing age (15-49 years) who are using (or whose partner is using) a modern contraceptive method at the time of the survey Modern methods are condoms Norplant pills IUD, injectables vaginal methods and voluntary surgical contraception For this indicator CPR will be stratified by source of supply (public vs private sector) Calculation Percent private sector CPR equals private sector CPR divided by total CPR multiplied by 100 Indicator data quality is high COMMENTS The 1997 actual figure is based on preliminary data from the Papchild Survey The target reflects GOM target for the strategy period and appears reasonable given project inputs	YEAR	PLANNED	ACTUAL
	1992		37%
	1995		37.3%
	1997		39%
	2003	50%	

SPECIAL OBJECTIVE 7 Key interventions promote sustainability of population health and nutrition programs in Morocco			
APPROVED COUNTRY/ORGANIZATION USAID/Morocco			
RESULT NAME Key interventions promote sustainability of population, health and nutrition programs in Morocco			
INDICATOR 7 0 3 Improved policy environment supporting sustainability of reproductive and child health (RH/CH) services			
<p>UNIT OF MEASURE A composite measure of advances in policy dialogue and reform within and outside of the MOH, aimed at improving the sustainability of RH/CH services. The indicator is expressed as a percentage of completion for five priority policy and regulatory reforms.</p> <p>SOURCE Data for this indicator are generated through oversight and regular reporting on activities implemented by several centrally funded programs. USAID staff assigns scores.</p> <p>INDICATOR DESCRIPTION The indicator is expressed as a percentage of completion for five priority policy and regulatory reforms.</p> <p>COMMENTS Percentage scores are assigned to policy issues depending on a set of five key steps. For consistency across the mission's strategic objectives, the same five steps and scoring system are used for all strategic objectives. Those steps include a) identification/analysis (10%), b) formulation (10%), c) validation (20%), d) adoption (20%) and e) implementation (40%). Clear benchmarks signifying the achievement of each step are established in advance by a policy working-group. The policy working-group is composed of representatives from the SpO team, USAID staff, key implementing partners and the MOH. The five priority policy and regulatory reforms will be finalized and outlined in the attached matrix. Details will be provided in the SpO7 performance monitoring plan.</p>	YEAR	PLANNED	ACTUAL
	1998	--	--
	1999		
	2000		
	2001		
	2002		
	2003		
	2004		

SpO7 Policy Reform Matrix

Reforms	1998	1999	2000	2001	2002	2003	2004
1 MOH continues to finances 100% of public sector contraceptive needs throughout strategy period	60 70	60	100	100	100	100	100
2 Financial sustainability 1) National Health Accounts (NHA) completed 2) Strategy to increase the role the role of the private sector implemented	20 30	60	60	100	100	100	100
3 Regionalization/decentralization program in place with specific targets	40 40	60	100	100	100	100	100
4 Private sector related reform TBD							
5 NGO related reform TBD							
Total							
Average of all reforms							
Anticipated Average							

SPECIAL OBJECTIVE 7 Key interventions promote sustainability of population, health and nutrition programs in Morocco			
APPROVED COUNTRY/ORGANIZATION USAID/Morocco			
RESULT NAME IR 7 1 Effective decentralized management of primary health care services established on a pilot basis			
INDICATOR 7 1 1 Accurate and appropriate health and demographic data used for decision-making in pilot area			
UNIT OF MEASURE A "toggle-switch" measure ("met" or "not met") of benchmarks established in advance by the SpO team and considered to represent evidence of data-driven primary health care program actions SOURCE Project reports and field validation INDICATOR DESCRIPTION A qualitative measure of the active use of management information in support of the MOH decentralization process. The SpO team will establish benchmarks once regions have been selected and initial analyses have been completed. A working-group will meet annually to determine, through review of project reports and validation by field visits, whether a benchmark has been achieved. Indicator data quality is moderate. COMMENTS This indicator illustrates progress made in program management as a result of data analysis and use at the regional level. All benchmarks will be established by SpO team members once baseline analysis is complete. <u>1998 Baseline</u> TBD <u>1999 Target/Benchmark</u> TBD <u>2000 Target/Benchmark</u> TBD <u>2001 Target/Benchmark</u> TBD <u>2002 Target/Benchmark</u> TBD <u>2003 Target/Benchmark</u> TBD <u>2004 Target/Benchmark</u> TBD	YEAR	MET	NOT MET
	1998		
	1999		
	2000		
	2001		
	2002		
	2003		
	2004		

SPECIAL OBJECTIVE 7 Key interventions promote sustainability of population health and nutrition programs in Morocco			
APPROVED COUNTRY/ORGANIZATION USAID/Morocco			
RESULT NAME IR 7 1 Effective decentralized management of primary health care services established on a pilot basis			
INDICATOR 7 1 2 Couple Years of Protection (CYP) distributed by the public sector increased in selected health districts where indicators are lower than regional average			
UNIT OF MEASURE Number of health districts meeting pre-established targets of increased CYP SOURCE Ministry of Health Provincial Delegations service statistics on commodities distributed for CYP data INDICATOR DESCRIPTION CYP is an estimate of protection against pregnancy provided by FP services during a one-year period based upon the volume of contraceptives distributed. CYP is calculated by multiplying the units of each method distributed by set conversion factors (IUDs=3.5 CYPs, 15 cycles of pills=1 CYP, 120 condoms=1 CYP, VSC=8 CYPs, Norplant=3.5 CYPs, 4 injectables [Depo]=1 CYP). Under the new strategy, regional average CYP baseline is calculated and, in the context of project interventions, a number of health districts with CYP lower than regional averages will be selected for intervention. Health districts, as part of their planning process, will establish CYP targets. Data will be collected and reviewed annually and a determination made as to whether targets have been achieved or not. For this indicator, a sample of health districts will be pre-determined from among all participating districts and a count made of the number of those that successfully met pre-established targets for increased CYP. Calculation: count Indicator data quality is moderate COMMENTS Both the number of communities and the target annual increase in CYP will be determined after initial site analyses are completed.	YEAR	PLANNED	ACTUAL
	1998	--	TBD
	1999	TBD	
	2000	TBD	
	2001	TBD	
	2002	TBD	
	2003	TBD	
	2004	TBD	

SPECIAL OBJECTIVE 7 Key interventions promote sustainability of population health and nutrition programs in Morocco			
APPROVED COUNTRY/ORGANIZATION USAID/Morocco			
RESULT NAME IR 7.1 Effective decentralized management of primary health care services established on a pilot basis			
INDICATOR 7.1.3 Increased number of community health projects implemented with active participation of NGOs or community organizations in pilot regions			
UNIT OF MEASURE Cumulative number of communities with health promotion activities being implemented by NGOs or community organizations in pilot regions in partnership with local health authorities SOURCE MOH and project records INDICATOR DESCRIPTION Number of communities with health promotion activities being conducted with active participation of NGOs or community organizations in partnership with local health authorities. A health promotion activity is counted if there is evidence of local action plans and/or signed agreements for partnerships. Calculation: count COMMENTS	YEAR	PLANNED	ACTUAL
	1998		2
	1999	TBD	
	2000	TBD	
	2001	TBD	
	2002	TBD	
	2003	TBD	
	2004	TBD	

SPECIAL OBJECTIVE 7 Key interventions promote sustainability of population health and nutrition programs in Morocco APPROVED COUNTRY/ORGANIZATION USAID/Morocco			
RESULT NAME IR 7.2 Access to private sector RH/CH services increased nationwide			
INDICATOR 7.2.1 Couple years of protection distributed by the private sector increased as a proportion of all CYPs delivered in the public and private sector			
UNIT OF MEASURE Percentage CYPs distributed in the private sector as a proportion of all CYPs delivered in the public and private sectors SOURCE Numerator data come from the pharmaceutical industry IMS annual report on private sector sales. Denominator data are a combination of the commercial sector data and MOH service statistics INDICATOR DESCRIPTION (See indicator 7.1.2 for complete description of CYP and conversion factors.) Private sector CYPs as a proportion of all CYPs delivered in the public and private sectors Calculation: percent private sector CYP = total commercial sector CYPs divided by public sector CYPs plus commercial sector CYPs Note: CSM and commercial private sector data do not include CYPs from VSC or condoms. Private sector CYPs as a proportion of all CYPs delivered in the public and private sectors COMMENTS Targets are pre-existing from SO1 strategy period. These targets will be revised early in the SpO period.	YEAR	PLANNED	ACTUAL
	1998	39%	32.2%
	1999	44% *	
	2000		
	2001		
	2002		
	2003		
	2004		

SPECIAL OBJECTIVE 7 Key interventions promote sustainability of population, health and nutrition programs in Morocco			
APPROVED COUNTRY/ORGANIZATION USAID/Morocco			
RESULT NAME IR 7.2 Access to private sector RH/CH services increased nationwide			
INDICATOR 7.2.2 Sales of IUDs and injectable contraceptives by the social marketing program increased			
UNIT OF MEASURE Unit sales of IUDs and Injectables by the social marketing program (IUDs/Injectables) SOURCE Data for this indicator will come from the USAID supported social marketing program and/or sales reports by the implicated pharmaceutical company. Contractor will compile sales data from pharmaceutical company. USAID staff will validate sales data. INDICATOR DESCRIPTION This indicator will measure units of injectables and IUDs sold through the social marketing program. Calculation Count Data quality is moderate to high COMMENTS Planned figures may be readjusted pending analyses currently being conducted	YEAR	PLANNED	ACTUAL
	1998	-	7 272 / 24 476
	1999	11 450 / 34 250	
	2000	14 100 / 39,350	
	2001	16,750 / 44,450	
	2002	19 400 / 49 500	
	2003	22,000 / 54,500	
	2004	24,500 / 59,700	

SpO8 Result Framework

SpO8

Increased Attainment of Basic Education Among Girls in Selected Rural Provinces

USAID/Morocco Performance Monitoring Plan
1999-2006

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Quality assessment	Method of data collection	Frequency and schedule of data collection	Responsible person/Office
Strategic Objective 8 Increased Attainment of Basic Education Among Girls in Selected Rural Provinces					
<u>Indicator 8.1</u> Gross Enrollment Rate	Percentage of all girls of primary school age enrolled in the selected rural pilot schools Unit of measure percentage	Ministry of National Education Statistics Unit calculated by MEG Data Quality Very Good	Data is collected at the school consolidated at the MNE provincial delegation and then sent to the Central Ministry Statistics Unit	The MNE collects data twice during the school year at beginning and at end of school year SpO4 collects data from the MNE in February	Office of Education Morocco Education for Girls Activity
<u>Indicator 8.2</u> Gross Completion Rate	Percentage of girls completing the primary education cycle in the selected rural pilot schools (years 1-6) within 8 years of attending school Unit of measure percentage	Ministry of National Education Statistics Unit calculated by MEG Data Quality Very Good	Data is collected at the school consolidated at the MNE provincial delegation and then sent to the Central Ministry Statistics Unit	The MNE collects data twice during the school year at beginning and at end of school year SpO4 collects data from the MNE in February	Office of Education Morocco Education for Girls Activity
<u>Comments/Notes</u>					

USAID/Morocco Performance Monitoring Plan
1999-2006

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Quality assessment	Method of data collection	Frequency and schedule of data collection	Responsible person/Office
Strategic Objective Increased Attainment of Basic Education Among Girls in Selected Rural Provinces					
Intermediate Result 8 1 Increased Responsiveness of the Basic Education System to Girls' Education Needs					
<u>Indicator 8 1 1</u> Repetition Rate	Percent of girls in the selected rural pilot schools who repeat a grade in a given school year Unit of measure percentage	Ministry of National Education Statistics Unit calculated by MEG Data Quality Very Good	Data is collected at the school consolidated at the MNE provincial delegation and then sent to the Central Ministry Statistics Unit	The MNE collects data twice during the school year at beginning and at end of school year SpO4 collects data from the MNE in February	Office of Education Morocco Education for Girls Activity
<u>Indicator 8 1 2</u> Drop-out Rate	Average percentage of girls in the selected rural pilot schools who drop-out of each grade in a given school year Unit of measure percentage	Ministry of National Education Statistics Unit calculated by MEG Data Quality Very Good	Data is collected at the school consolidated at the MNE provincial delegation and then sent to the Central Ministry Statistics Unit	The MNE collects data twice during the school year at beginning and at end of school year SpO4 collects data from the MNE in February	Ministry of National Education Statistics Unit calculated by MEG Data Quality Very Good
<u>Comments/Notes</u>					
These indicators do not have Planned benchmarks since they will not be reported on They are collected to facilitate the management and decision making process for the SpO8 team					

USAID/Morocco Performance Monitoring Plan
1999-2006

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Quality assessment	Method of data collection	Frequency and schedule of data collection	Responsible person/Office
Strategic Objective 8 Increased Attainment of Basic Education Among Girls in Selected Rural Provinces					
Intermediate Result 8.2 Increased Institutionalization of Basic Education Policy Reform					
<u>Indicator 8.2.1</u> Progress towards the adoption of five policy reforms (as measured by percentage completion of each objective)	Policies/measures supportive of MEG Model development, replication and sustainability Unit of measure percentage completion per Mission-established matrix	Ministry of National Education MEG, GEA and USAID Data Quality Good	Information on progress is gathered at the national provincial and local school and community levels	Information is gathered at the completion of each school year (July)	Office of Education and the Morocco Education for Girls Activity
<u>Comments/Notes</u> The matrix measures progress in achieving the five policy objectives which are Data collection system, Primary education enrollment Rural teacher development, Decentralization, and Forging partnerships					

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USAID/Morocco Performance Monitoring Plan
1999-2006

Performance indicator	Precise definition of indicator/ Unit of measurement	Data source/ Quality assessment	Method of data collection	Frequency and schedule of data collection	Responsible person/Office
Strategic Objective 8 Increased Attainment of Basic Education Among Girls in Selected Rural Provinces					
Intermediate Result 8.3 Strengthened Capacity and Increased Participation of Girls Education Partners					
<u>Indicator 8.3.1</u> Participation Intensity Level	A participatory intensity level matrix to measure progress of participation Unit of measure Mean number of participatory activities	Ministry of National Education MEG GEA and USAID Data Quality Good	Information on partnerships is gathered at the national and local levels the latter includes provincial as well as school and community levels	Information is gathered at the completion of each school year (July)	Office of Education and the Morocco Education for Girls Activity
<u>Comments/Notes</u> The participation intensity level is measured at both the national and local (all non-national) levels for four categories of partners public sector civil society private sector and the media					

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SPECIAL OBJECTIVE 8 Increased attainment of basic education among girls in selected rural pilot schools using a replicable model

APPROVED July 1998

COUNTRY/ORGANIZATION USAID/Morocco

INDICATOR 8 1 1 Gross Repetition Rate

UNIT OF MEASURE Percentage of girls who repeat a grade in a given school year

SOURCE Ministry of National Education Statistics Unit
Calculated by MEG

INDICATOR DESCRIPTION The gross repetition rate measures the number of girls who repeat a grade divided by the total number of girls enrolled in that grade, for all classes (1-6) in a given school year

COMMENTS

In last year's R-4 the gross repetition rate was an indicator at the SpO level. Upon further analysis it was concluded that this indicator is more appropriate at the IR8 1 level since it is a more accurate measure of impact of inputs in the school component. Last year's reported gross repetition rate was 9.4% for 95/96 and 9.8% for 96/97. This was based on an initial data collection process which ran parallel to that of the Ministry. However, after extensive analysis, we discovered that using MNE data is the most efficient and sustainable approach to measuring impact on pilot schools. The current reported data reflects calculations based on MNE provincial and central statistics.

The repetition rate has been increasing dramatically over the past two years. This in large part is due to the rapid expansion of enrollment rates in 97/98 particularly in first grade. The percentage of girls repeating their class is highest in first grade, which is where the majority of increased enrollments are.

The repetition rate for boys in the pilot schools is

95/96 13.9%
96/97 11.9%
97/98 14.5%

* Although repetition rates will continue to be collected and analyzed they will no longer be reported in the R4

YEAR	PLANNED	ACTUAL
95/96		8.9%
96/97		12.0%
97/98		13.4%
98/99		
99/00		
00/01		
01/02		
02/03		

SPECIAL OBJECTIVE 8 Increased attainment of basic education among girls in selected rural pilot schools using a replicable model

APPROVED July 1998

COUNTRY/ORGANIZATION USAID/Morocco

INDICATOR 8 1 2 Gross Drop-Out Rate

UNIT OF MEASURE Average percentage of girls who drop-out of each grade for a given school year

SOURCE Ministry of National Education Unit Calculated by MEG

INDICATOR DESCRIPTION The drop-out rate represents percentage of girls dropping out of grades 1 through 5 in the basic education cycle in a given year

COMMENTS

Upon further assessment and analysis of data the drop-out rate will be substituted for the retention rate as an indicator The reason for this replacement is that the drop-out rate is easier to calculate and comes from a more reliable source of data However although this indicator is a new one data will be collected and analyzed for trends but not reported in the R4

School Year	Boys
95/96	6 2%
96/97	5 5%
97/98	3 2%

YEAR	PLANNED	ACTUAL
------	---------	--------

94/95	-	
95/96	-	13 3%
96/97		3 0%
97/98		9 2%
98/99		
99/00		
00/01		
01/02		
02/03		

Following is a discussion per strategic/special objective of the illustrative activities and implementation approaches

SO5 Increased Opportunities for Domestic and Regional Trade and Investment

The SO team proposes to design and implement two Results Packages corresponding to the IRs and Performance Indicators described above. Each will be cast as an "umbrella" activity. The goal, purpose, objectives and assistance modalities will be specified in a single contract or cooperative agreement. Specific targets, performance indicators and level of effort/resources required for sub-activities will be defined over time and will depend on evolving analysis and priorities. It is anticipated that these umbrella activities will be authorized at a level sufficient to set in place appropriate long-term implementation mechanisms, but incrementally funded so that annual appropriations can be allocated to correspond to near-term strategic priorities. Issuing Mission-generated delivery orders against an "umbrella" contract would allow the results package manager to respond quickly to short-fuse targets of opportunity. Regional funds will be used to supplement bilateral funding sources for these new activities in instances where a clear regional perspective and approach can be defined and an appropriate regional implementation methodology can be implemented.

The first of these RPs, centered on a new activity, tentatively entitled Accelerated Reform for Trade and Investment Expansion (ARTIE) will focus on policy and/or regulatory reform, as described in IR 5.1 (above). It will finance specialized technical assistance for the design or execution of policy research, surveys, and/or analysis to help reduce policy and/or regulatory-related constraints to trade and investment. It will promote consensus building through information dissemination, seminars, conferences and workshops. Short-term training and observational study tours will also be considered as an option to educate and build consensus. Several ongoing policy initiatives will be completed or consolidated including legislation or decrees that affect competition, consumer protection, microfinance, and mortgage securities.

The SO Team will work closely with counterparts in the Foreign Investment Advisory Service, other specialized agencies, and members of the Embassy Prosperity Team to develop an appropriate policy agenda. In addition, the Commercial Policy Framework Model developed under the PEDS II project provides the expanded SO team with information on 62 economic policy and performance variables to assess prevailing commercial policies and compare those policies with 55 other countries, evaluate alternative options and determine pragmatic reform opportunities.

The second proposed Results Package will be crafted around a new umbrella activity tentatively entitled Institutional Strengthening for Business Support (ISBS). This activity will finance institutional assessments and analyses as well as the design and implementation of improved management systems. Targeted institutions will include, illustratively, the Investment Promotion Agency, the commercial court operations of the Ministry of Justice, the ethics committee of the National Business Federation (CGEM), the small business services organization, the proposed Federation of Microfinance Service Providers, specialized anti-corruption NGOs (e.g., Transparency, Maroc 2020) that can educate government officials.

business people, and the general public about the economic costs of corruption, and regional development NGOs. Specific activities will be identified when an action plan for Phase II of the Investors Roadmap is established, the judicial reform and anti-corruption assessments are completed, and proposed new Results Packages are designed for authorization in FY 2000.

In addition, one component of the Results Package will potentially utilize \$2 million to fund institutional strengthening grants to local NGOs to build their capacity to promote economic opportunity for their constituents, work with local and regional governments and lobby for positive change. The EG team foresees the implementation of this activity through a "PVO Basket project" approach wherein one U.S. PVO will lead a consortium (of perhaps the several U.S. PVOs already operating in Morocco), making grants and providing accountability for funds. ISBS can also finance equipment or commodities for capacity-enhancement of government agencies as well as professional and development NGOs.

SO6 Improved Water Resources Management in the Souss-Massa River Basin

A new six-year results package with two implementation phases is planned in which an initial emphasis on broad-based institutional development and consensus-building tapers into more targeted capacity-building and selected technical interventions.

Phase I, Building Partnerships A fundamental result of the first year of the results package (beginning September, 1999) will be a decree by the central government, creating the Souss-Massa RBA as a legal entity, naming its members and delimiting the basin. The members of the RBA council (named in the 1995 law) will be engaged in multi-disciplinary technical planning groups. This work will be primarily dedicated to creating confidence in the new RBA and a spirit of collaboration among the Souss-Massa's institutional, community, and private sector stakeholders. Participation will have to be carefully nurtured: different agencies and ministries have had little need to cooperate in the past, and little interest in cooperating with local/regional elected officials, NGOs or producers' organizations. Through an inter-sectoral steering committee of key partners, we plan to quickly form technical working groups to consider the full array of RBA governance and functions authorized in the 1995 Water Law. Designing and conducting mutually accepted assessments of the current status of water resources and the pressures upon them is a promising form of collaboration that can establish a common understanding of problems and a baseline to measure future progress.

As the RBA prepares to fulfill its mandate for planning, allocation, and monitoring, SO6 will support its deliberations and selection of priority actions. For example, hydrological and financial analyses will be needed to determine appropriate allocation strategies and fee structures for irrigation, well-drilling permits, and municipal water supplies. Technical services will be provided to the RBA, and to its members, who will implement the plans, so as to maximize community and private-sector involvement at all stages. SO6 will implement, through associations or government agencies, pilot projects that have been selected and designed through transparent work of the RBA partners, e.g. in the areas of aquifer protection, community sanitation and health or irrigation management. On the basis of processes and relationships formed in these activities, the general practices of good governance required for an RBA to operate effectively will be established.

Phase 2, Building Sustainable Systems The primary outcomes of the later years of the results package will be (1) improvements and confirmation of good habits of transparency and collaboration in implementing agencies through the smooth planning, monitoring, and enforcement functions of the RBA, and (2) improvements in water quality, efficiency, distribution and use through projects sanctioned by the RBA planning process. There is no expectation that the RBA will be an implementing agency, and in fact, such efforts are liable to distract from its crucial planning, management, and coordination functions. Implementation of new policies and infrastructure development will remain the responsibility of the participating private, community, and government organizations, although they will act with greater local autonomy than they do now. The change will be that new activities will be prepared in consultation with up-stream, down-stream, and competing water users, and in accordance with a broadly accepted management plan.

Until the RBA's management plan and priorities are determined, field-level indicators must remain largely illustrative. Areas of special interest that have emerged in discussions with local partners include investment in sanitation and potable water in under-served communities; agricultural water reuse, agricultural efficiency, and pollution treatment and prevention. Best practices in these sectors will be recommended from USAID's previous technical, policy and community experience, from U.S. private and public models (e.g., high-algal wastewater treatment or rural community extension work), and from international sources.

Community health will receive special emphasis to take advantage of partnerships with SpO3 (Population and Health). Investments in water and sanitation infrastructure, provided locally or through the Urban Environmental Credit Program, and/or the Development Credit Authority will be coupled with community health programs to further reduce childhood diarrhea by reducing risks of fecal-oral transmission of pathogens. Water and sanitation structures and practices will be assessed and developed with the specific objective of reducing childhood morbidity and mortality. Interventions in water and sanitation, as in other sectors, will emphasize technical assistance rather than major investments in infrastructure. Typical assistance would be in the form of

- feasibility studies and small-scale demonstration projects,
- environmental and social impact assessments,
- development of cost recovery plans,
- facilitation of project financing including appropriate participation of the DCA.

The proposed activities will require unusual technical breadth and management flexibility at a time when the SO's and the Mission's management capacities are shrinking. We are therefore seeking implementation mechanisms that offer diversity without enormous investments in management effort.

SpO7 Key interventions promote sustainability of population, health and nutrition programs

During the first two years of the strategy period USAID/Morocco will complete implementation of the current bilateral program of assistance, with a no-cost, one year extension to 12/00 in order to finalize activities under the bilateral and provide a smooth transition into the post-bilateral

period. The intention is to maintain our current institutional contractor JSI as the primary implementing agent for the extension activities.

SpO7 will be primarily implemented using Mission OYB provided as field support to G/PHN central projects. A limited number of these projects will be involved in order to minimize the management burden in the field. An agreement (e.g., a non-funded special objective agreement, limited scope grant agreement, or memorandum of understanding) will be established with designated counterparts at the national and local level as appropriate, outlining activities to be undertaken and results to be achieved. Should a Mission-wide NGO umbrella grant be selected as a mechanism for community work across SOs, a small amount of funding will need to be obligated to the field. Funding for ICASS will also need to be obligated locally or funded by the Global Bureau.

G/PHN projects with a potential role in implementation of the SpO include Measure II Quality Assurance and Policy for IR 3.1, Commercial Market Strategies for IR3.2, Micronutrient Operational Strategies and Technologies for Vitamin A. The MCH Technical Assistance and Support Contract will be used for the Support Activity. Mechanisms will be established to assure effective coordination among these projects and to minimize costs. USAID will encourage U.S. PVOs working in Morocco to apply for Bureau of Humanitarian Response child survival grants.

For IR 7.1 "Effective decentralized management of primary health care services established on a pilot basis," examples of technical areas of concentration and illustrative activities to be implemented in the two pilot regions include:

- Improve public health managers' skills -- Use quality management techniques and health information systems to effectively manage data, set targets, articulate needs, allocate resources, implement, and evaluate programs at the regional and provincial level. Regional and provincial managers use a variety of techniques to inform decision-making, and have a routine process for collaborative planning and review of program progress. Pilot activities developed by the regional teams and implemented with a wide range of local partners are provided modest funds from SpO7, and technical assistance if required.
- Policy dialogue at the regional and provincial level -- Strengthen advocacy and communication skills of partners active in the health sector at the local level, including civil servants, local NGOs, elected officials and central government representatives, to ensure that the health agenda receives priority. Determine policy reforms needed for local officials to make appropriate decisions concerning allocations of funds. Assist regional and provincial health managers to identify and access local financing mechanisms as well as appropriately allocate resources deconcentrated from the central MOH budget. Promote the formation of local networks of private health providers to provide preventive health services, help them establish appropriate linkages with public facilities, and explore possible mechanisms to ensure quality of care.
- Community-based interventions -- In the "black pockets" or areas of unmet need where efforts to date have not resulted in significant progress, build on initial SO1 experiences with NGOs to establish a more participatory approach to community-based public health interventions. Once underserved communities have been identified through the techniques listed above, encourage interaction between local health authorities and local action.

committees or associations, and establish partnerships for health interventions. Linkages developed between different community priorities such as increasing women's literacy, reducing micronutrient deficiencies and improving hygiene. One possible mechanism for these activities is a grants program for local NGOs to implement health-related activities with technical and financial support provided by a USPVO under an umbrella grant. Involvement of women in the community to identify problems, plan and implement solutions will be an important factor in this approach.

- Intersectoral exchange – To foster intersectoral collaboration and increase effectiveness of development activities in the region, encourage and support participation of health officials in various regional committees. Test different models of integration of sector-specific efforts, including possible use of an umbrella grants program to fund a range of activities across strategic and special objectives. Co-implement selected activities in the Souss-Massa-Draa with other USAID strategic objective teams, to include water and sanitation, girls education, and microfinance. Focus on responsiveness to felt needs at the local level rather than exclusively on sector-specific targets.

For IR 7.2, “Access to private sector FP/MCH services increased nationwide,” examples of technical areas of concentration and illustrative activities include:

- Social Marketing -- Finalize the expansion of two contraceptive methods, IUDs and injectables, into the existing social marketing program. Establish the family planning social marketing *Al Hilal* program as an independent Moroccan institution receiving other donor funding, and explore the potential of social marketing of ORS to be fully sustainable within this mechanism. Examine the feasibility of introducing other reproductive and child health products into the social marketing product line, and of using the social marketing approach to support introduction of micronutrient-fortified food products in Morocco.
- Private Providers -- Support positioning of private general practitioners and midwives as reproductive health care professionals for middle-income families. Determine the feasibility of different types of private health care networks, from multi-level networks (including referral to specialists or to public sector hospitals for voluntary sterilization) in pilot regions, to general strengthening of relationships between pharmacies and private practitioners for counseling and referral for family planning. Establish a network of private providers offering key preventive health services.
- Policy Reform – Reduce key policy barriers to expansion of essential reproductive and child health services provided by the private sector. Determine promotional strategies acceptable to medical associations, such as the identification and promotion of providers through a common logo. Promote establishment of quality assurance for reproductive and child health provided by the private sector, whether through peer review, continuing education requirements, or other approaches.
- Micronutrients – Working with the MOH, USPVOs, local NGOs and the private commercial sector, support development of a national strategy to reduce micronutrient deficiencies with a focus on Vitamin A, and fund specific activities within that strategy. These could include a) dissemination of key messages to promote greater consumption of Vitamin A, b) development and promotion of a Vitamin A fortified product and possible support for other

fortified foods, and c) support for community-level approaches to encourage increased intake of Vitamin A, especially among women and children

SpO8 Increased Attainment of Basic Education Among Girls in Selected Rural Areas

The girls' education program is implemented in twenty pilot rural schools in five selected provinces. Since 1996, TFD has been a testing ground for a variety of interventions at the classroom and school levels. MEG, which began implementation in November 1997 as the cornerstone of the Mission's work in girls' education, is building on TFD's experiences. Furthermore, MEG familiarizes the community to school and ensures that the community participates in school level decision-making. TFD and MEG are complemented by GEA which works at the national level to raise awareness and involve the private sector and NGOs in girls' education.

Phase I of the MEG Activity is directed at developing and testing a flexible Model which the MNE could adopt nationally to improve its basic education system.

Phase II of the MEG Activity will replicate the Model in additional provinces identified by the GOM as having high poverty rates and low social indicators.

Examples of on-going activities

In-service training upgrade pedagogical skills of teachers, school directors and school inspectors through in-service training in child-centered education, multi-grade teaching, equity in the classroom, and lesson adaptation to make the curriculum relevant to rural children's needs and to incorporate health, sanitation, and environmental education,

Pre-service training strengthen delivery of pre-service training at the provincial teacher training colleges. Workshops targeting teacher training faculty, directors, and inspectors will upgrade their training skills and update their knowledge of pedagogical theory.

Building social infrastructure develop parents' associations through a democratic process to ensure their active involvement in their children's education, and sensitize them to the necessity of educating their daughters. Train local NGOs in activity management, outreach to communities and schools, and advocacy at the local level.

Involving other partners create a national committee to support the education of girls and promote the importance of girls' education to private and semi-private institutions, establish an NGO management organizational structure to disseminate information on girls' education in their local areas and to lobby and advocate for policy changes to benefit the girl-child, and hold a conference for the private sector to raise their awareness and encourage their active participation vis-a-vis girls' education.

Implementation Approach

The TFD project is implemented by Amideast whose contract will end in May 1999. SpO8 is currently reviewing the option of a three-month extension of the contract to allow for the creation of a critical mass at the five pilot teacher training centers. The MEG activity is implemented by Creative Associates International Incorporated (CAII). The contract is set up in

two phases, a two-year MEG model design and test phase 1997-1999 and a three-year model replication phase, (which may be extended by one year, provided spending trends allow for such extension) GEA is a G/WID contracted activity that is implemented in Morocco by Management Systems International. This contract will run for a period of five years and ends in 2002.

Forestry and Biodiversity Issues Relevant to Sections 118 and 119 of the Foreign Assistance Act

Summary This document describes actions necessary to conserve forests and biodiversity in Morocco, and the extent to which current and proposed USAID actions address those needs as required by ADS 201.5.10g. Morocco is a country of fragile arid and coastal ecosystems that are severely impacted by human activities. Recent cross-sectoral analyses by the Moroccan government to update its "Plan d'Action National Pour L'Environnement" (NEAP) establishes priorities, including protection of forests and open watersheds from overgrazing, over-cutting, and erosion, and protection of coastal and aquatic biodiversity. The document calls for specific implementing legislation and for policy reforms in broad areas of resource management. Activities in watershed management, water efficiency, and environmental policy reform of USAID's Strategic Objective 2 (SO 2), "Improved water resources management in the agricultural, urban, and industrial sectors," address many of these issues, as will the new SO 6, focused in the Souss Massa region. This is not to say that USAID's programs are commensurate with the scale or breadth of these problems.

Setting Morocco's biogeography varies from Mediterranean to Desert, yet encompasses a wide variety of coastal wetlands, oases, and alpine areas in between. The land is used intensively, and vital water is jealously hoarded and diverted to human use. Classically African wildlife such as elephants and lions have been extinct in Morocco for a century, and surviving lynx, leopard, gazelle, and antelope are very rare. Loss of habitat and hunting pressure are (or were) both factors. Many reptiles, amphibians, and smaller mammals including bats are also under pressure. Bird life is diverse, and attractive to European birdwatchers. Besides a wide range of seasonal migrants there are rare and endangered resident species, including Eleonor's falcon, Moroccan cormorant, and Bald ibis. The last 250 wild Bald ibis in the world nest in the estuary of the Massa river.

Drought-resistant shrubs dominate large areas. "Forests" are largely steppe-like, dominated by argan trees in the arid south and by olive, pine, and eucalyptus in higher and more northern areas. Remarkable forests of cork oak cover a few hundred square kilometers in the north of Rabat, and a few hundred square kilometers of closed cedar forest persist in the central High Atlas.

Resource Management Morocco's economy is highly dependent upon natural resources. Rapid population growth, drought, and mechanization of agriculture in recent decades have multiplied the pressure on aquatic and terrestrial systems. Environmental quality is important to the Moroccan government, and a thirty-year NEAP is about to be released. The most recent public draft (November, 1998) selected items in the accompanying table as its highest priorities relevant to biodiversity and forestry. (This table does not include proposed actions not directly applicable to sections 118 and 119, e.g., those affecting air pollution and environmental health.) It is worth noting that development and quality of the human environment receive considerably greater attention in the NEAP than does biodiversity *per se*.

USAID's Role Several current USAID activities address these priorities directly, as indicated by check marks in the following table. The new strategy, "Improved water resources management in the Souss-Massa river basin" will also address many of these national issues, as

indicated by checks or by checks with question marks for areas that may or may not be chosen as priorities by USAID's partners in the Souss-Massa region

Work in specific pilot projects, *e.g.*, in municipal solid or liquid waste, or in watershed reforestation, will directly implement elements of the NEAP priorities. More fundamentally, by assisting in the creation of a cross-sectoral body to manage water resources, environmental concerns will be given a seat at the negotiating table when plans for water management are made. The Ministry of Water and Forests (under the Ministry of Agriculture, Rural Development, and Fisheries), which is currently working to strengthen the management of the Souss Massa National Park, will gain a formal mechanism to influence decisions directly affecting the release of water from dams and the release of sewage from cities into the habitat of endangered species and rare riparian habitat. More integrated water resources planning should thus improve the protection of wetland habitats of the highly endangered bald ibis and other rare species.

Despite these benefits, activities designed specifically to protect biodiversity will likely be beyond the scope and means of this strategy.

SO 2 activity \ NEAP priority	UES	WRS	Nakhla	Fes	Drarga	Tadla	Ouled Tiema	Planned SO 6
Legislative reforms	✓	✓						✓
Institutional reforms	✓	✓				✓		✓
Better water resources management	✓	✓		✓	✓	✓	✓	✓
Reforestation of the cork forest								
Revegetation of rangeland with cactus, trees and shrubs			✓					✓ ?
Control of urban and peri-urban sprawl over valuable habitat,	✓							
Greater capacity for integrated coastal zone management								✓ ?
Reduction of water pollution	✓	✓		✓	✓	✓	✓	✓
Protection of aquatic habitat against municipal and industrial wastes	✓			✓	✓			✓
Perform national inventories of soils and land use								
Protect watersheds against erosion			✓					✓ ?
Protect oases against encroaching sand dunes								
Protect the northern (Rif) mountains against fires, cutting, and overgrazing			✓					
Establish reserves for ecotourism								

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Annex G

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**TWO ROADS DIVERGED IN A WOOD, AND I -
I TOOK THE ONE LESS TRAVELED BY,
AND THAT HAS MADE ALL THE DIFFERENCE.**

-- The Road not Taken Robert Frost

Mr Robert Randolph
Assistant Administrator
for Asia and Near East
U S Agency for International Development
Washington D C 20523

Dear Bob

As you have witnessed, these are exciting times in Morocco as it progresses down its development path. The King and his Government are committed to implementing economic, social and democratic reforms. Their bold steps for change also present some risks and Morocco has appealed directly for U S Government support. With a modest program, USAID can and should make a difference, in partnership with other U S agencies, other donors, the private sector, and the Moroccan people. Successful reforms in Morocco go far beyond its borders as other Middle East and Islamic countries look on. The spokesperson for the Moroccan Government put it well "People are watching to see if democracy can cross cultures."

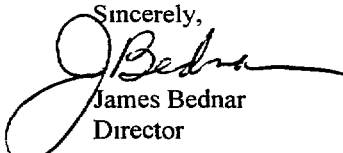
In response, I am pleased to submit herewith the FY1999 - FY2005 Country Strategic Plan (CSP) for USAID/Morocco. It makes a solid case for maintaining a core U S assistance program in Morocco, and presents innovative approaches to maximizing our impact. As you will read, we bring more to the "development table" than our funding levels would indicate. I encourage you and other Washington colleagues to seriously consider our creative approaches to addressing crosscutting issues, sustainability and synergies as a potential a model for other USAID missions.

The strategy is built on strong consensus, within the U S Mission, with the Government of Morocco, other donors, non-governmental organizations and the private sector. The strategy fully supports the U S Mission's strategic goals as outlined in the Mission Performance Plan (MPP). Ambassador Gabriel has endorsed our strategy (see attached cable Rabat 2265, dated April 19, 1999). To ensure close coordination at the implementation level, USAID actively participates in three interagency working groups.

The Government of Morocco endorses our proposal, recognizing the unique contributions USAID can continue to make. The Government foresees that the strategy will help Morocco capitalize on past USAID assistance and move more deliberately to institutionalizing successes in the areas of private enterprise development, water resources management, population/health, and basic education. The proposed strategy reinforces our work in those four areas by rigorously targeting opportunities for synergy. This approach will increase the overall impact of our program, by demonstrating to national and regional government as well as to civil society the opportunities and benefits of local cooperation in managing scarce resources for development.

I look forward to participating in the AID/W review and to receiving earliest possible approval of this strategy document.

Attachment a/s

Sincerely,

James Bednar
Director

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INFO USIS AMB DCM ECON
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DISSEMINATION AID
CHARGE AID

APPROVED AMB EGABRIEL
DRAFTED DIR/PROG JWOOTEN HS
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FROM AMBASSADOR FOR DAS/NEA RNEUMAN AND
USAID FOR AA/ANE RRANDOLPH

E O 12958 N/A
TAGS AID, KSPR, MO
SUBJECT USAID/MOROCCO COUNTRY STRATEGIC PLAN
- (CSP)

1 I AM PLEASED TO CONVEY MY SUPPORT FOR THE NEW
1999 - 2005 COUNTRY STRATEGIC PLAN FOR
USAID/MOROCCO WHICH WILL BE SUBMITTED IN APRIL
FOR REVIEW BY AN INTERAGENCY COMMITTEE MID-MAY
USAID HAS WORKED DILIGENTLY OVER THE PAST TWO
YEARS TO ENSURE THAT ITS NEW STRATEGY MEETS
PRIORITY NEEDS OF MOROCCO AND DOVETAILS WELL
WITH BROADER MISSION POLICY AND PRIORITIES AS
ELABORATED IN OUR MISSION PERFORMANCE PLAN
(MPP) THIS STRATEGY WILL DELIVER KEY RESULTS
FOR OUR MPP OBJECTIVES IN ECONOMIC DEVELOPMENT,
OPEN MARKETS, POPULATION AND DEMOCRACY

2 THE BUDGET REQUEST FOR THE STRATEGY PERIOD
(ABOUT USD 45 MILLION OVER 5 YEARS) IS SMALL
COMPARED TO PAST LEVELS OF U S ASSISTANCE TO
MOROCCO HOWEVER, I BELIEVE THAT, IF THIS
AMOUNT IS ASSURED, THE USAID PROGRAM WILL BE
WELL PLACED TO ACHIEVE HIGH IMPACT

3 TO ENSURE THIS, THE PROGRAM BUILDS ON PAST

SUCCESSSES IN FOUR AREAS - ECONOMIC GROWTH, WATER MANAGEMENT, BASIC EDUCATION AND REPRODUCTIVE AND CHILD HEALTH CARE ACROSS THE FOUR AREAS, USAID WILL PROMOTE TWO IMPORTANT DEVELOPMENT ISSUES GENDER AND PUBLIC-PRIVATE PARTNERSHIPS SECONDLY, THERE WILL BE A RELATIVE CONCENTRATION OF EFFORT IN ONE OF MOROCCO'S RECENTLY CREATED 16 GEOGRAPHIC REGIONS THE SOUSS-MASSA-DRAA

2

THIRDLY, USAID'S PLAN EMPHASIZES LEVEGRGING FUNDS FROM OTHER SOURCES, BOTH DOMESTIC AND INTERNATIONAL I AM CONFIDENT THAT THE RESULTS WILL BE A PROGRAM THAT BRINGS SIGNIFICANTLY MORE THAN ITS BUDGET TO MOROCCO'S QUOTE DEVELOPMENT TABLE UNQUOTE

4 THE STRATEGY BUDGET COVERS THE REQUEST FOR DEVELOPMENT ASSISTANCE ONLY IT IS IMPORTANT TO NOTE THAT MOROCCO EXPECTS TO BENEFIT FROM ECONOMIC SUPPORT FUNDS (ESF) UNDER TWO REGIONAL INITIATIVES - THE EIZENSTAT INITIATIVE, WHICH WILL BE SUPPORTED BY USAID'S REGIONAL TRADE AND INVESTMENT INITIATIVE PROGRAM, AND THE DEMOCRACY GOVERNANCE (DG) FUND THE DG INTERAGENCY COMMITTEE'S RECENT APPROVAL OF FY99 RESOURCES FOR MOROCCO IS AN IMPORTANT SIGNAL OF TIMELY U S SUPPORT FOR MOROCCO'S EFFORTS TO INCREASE DEMOCRATIZATION I ALSO UNDERSTAND THAT USAID IS CONSIDERING EARMARKING FY98 RESOURCES FOR MOROCCO AS PART OF THE REGIONAL TRADE AND INVESTMENT INITIATIVE THIS AGAIN WOULD BE AN EXCELLENT SIGNAL OF U S SUPPORT, ESPECIALLY AS THE MOROCCAN MINISTER OF FINANCE VISITS WASHINGTON AT THE END OF APRIL

5 THERE IS A UNIQUE OPPORTUNITY FOR MOROCCO, THE MAGHREB REGION, THE ISLAM NATIONS AND THE WESTERN WORLD, AS MOROCCO'S QUOTE GOVERNMENT OF ALTERNANCE UNQUOTE MOVES TO ADDRESS A MYRIAD OF SOCIAL, POLITICAL AND ECONOMIC CHALLENGES THEREFORE, IN CONTEXT OF THE UPCOMING REVIEW OF USAID'S NEW STRATEGY, I WOULD STRONGLY ENCOURAGE THE DEPARTMENT AND OTHER U S AGENCIES TO SERIOUSLY EXAMINE HOW WE CAN ENSURE THAT THE U S ASSISTANCE PROGRAM IN MOROCCO HAS THE NECESSARY RESOURCES TO HAVE AN INCREASINGLY POSITIVE AND STRATEGIC IMPACT AND TO HELP MOROCCO'S EXPERIMENT SUCCEED

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UNCLAS USAID RABAT 02265

6 USAID IS A CENTRAL TOOL FOR ACHIEVING THE
U S G OBJECTIVES IN MOROCCO THE PROGRAM HAS
SHOWN THAT IT MANAGES FOR RESULTS THIS
STRATEGY WILL CONTINUE TO DELIVER RESULTS
GABRIEL

BT
#2265
NNNN

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